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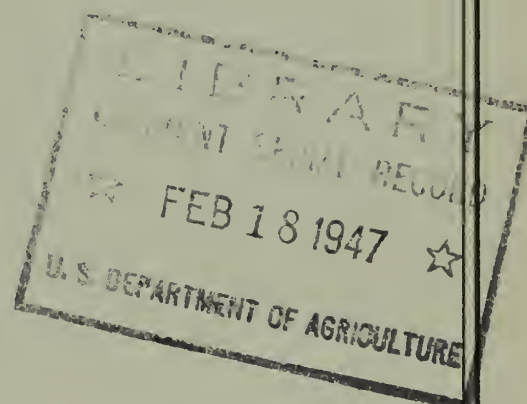
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FARM CREDIT ADMINISTRATION
UNITED STATES DEPARTMENT OF AGRICULTURE
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HANDBOOK ON
MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES
1944 AND 1945

By
JOSEPH G. KNAPP
AND
JANE L. SCEARCE



COOPERATIVE RESEARCH AND SERVICE DIVISION

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM CREDIT ADMINISTRATION
WASHINGTON 25, D. C.

I. W. DUGGAN, GOVERNOR

COOPERATIVE RESEARCH AND SERVICE DIVISION

HAROLD HEDGES, CHIEF

W. W. FETROW, ASSOCIATE CHIEF

The information in this publication has been assembled through the cooperation of the farmers' cooperative associations concerned. It is published for their information in appraising their own operating efficiency and for the use of those interested in the cooperatives as a part of the general economy.

The Cooperative Research and Service Division conducts research studies and service activities relating to problems of management, organization, policies, merchandising, sales, costs, competition, and membership arising in connection with the cooperative marketing of agricultural products and the cooperative purchase of farm supplies and services; publishes the results of such studies; confers and advises with officials of farmers' cooperative associations; and cooperates with educational agencies, cooperative associations, and others in the dissemination of information relating to cooperative principles and practices.

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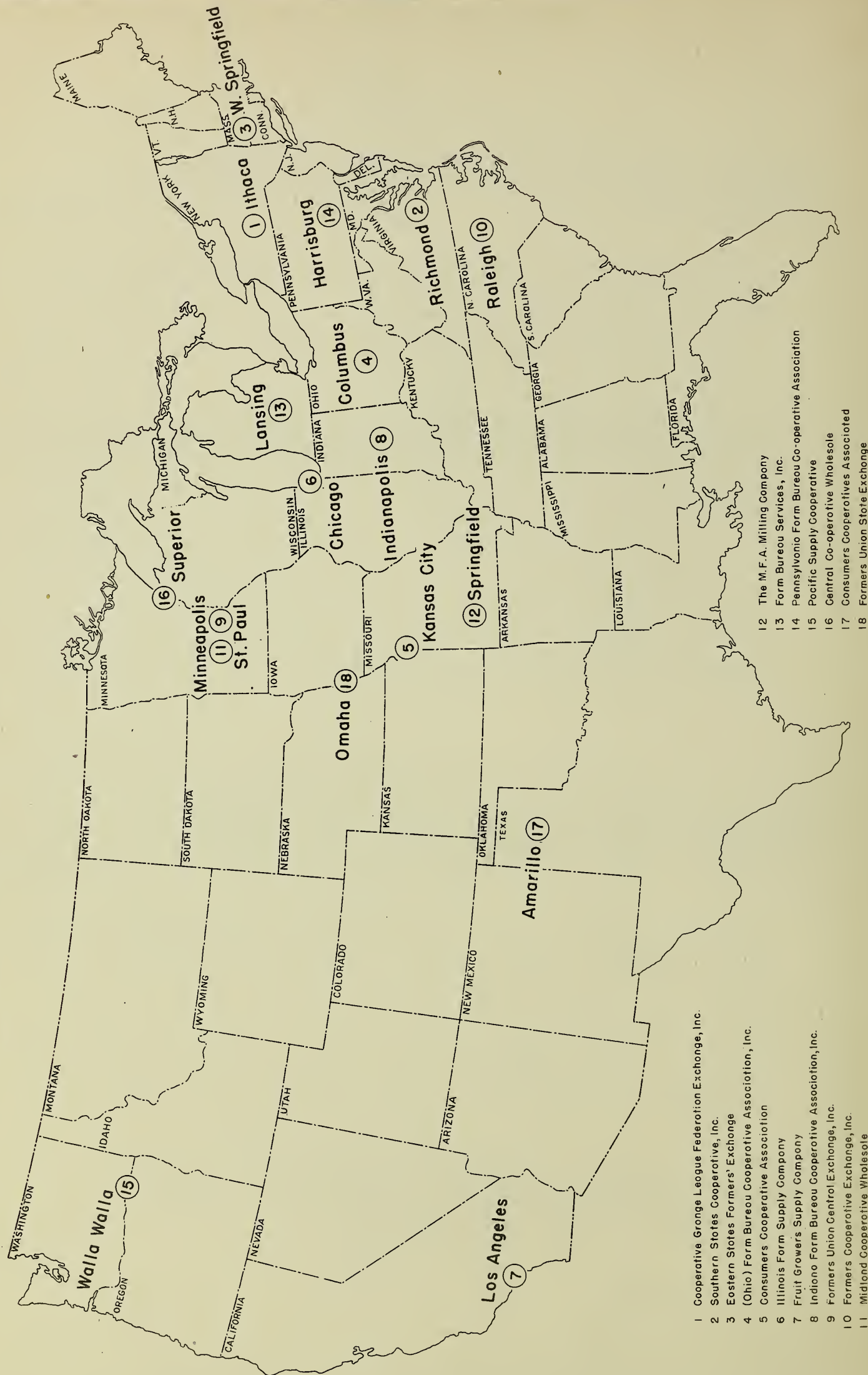
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LOCATION OF 18 MAJOR REGIONAL COOPERATIVE PURCHASING ASSOCIATIONS



HANDBOOK ON MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES, 1944 AND 1945

By

Joseph G. Knapp
Principal Agricultural Economist

and

Jane L. Searce
Agricultural Economist

This handbook presents concise comparable information for each of the 18 major regional farm supply purchasing cooperatives in the United States for their fiscal years ending in 1944 and in 1945 (part I), and combines and analyses such information as a means of showing the character and significance of these associations as a group (part II).

The associations described perform wholesale service for retail cooperative outlets of various types, except for one association that distributes all supplies direct to individual purchasers. In addition to giving wholesale service, seven associations distribute supplies direct to farmers through their own retail outlets, while five also engage in the cooperative marketing of farm products. The individual reports in part I show clearly the main points of similarity and of difference.

Unfortunately, it is not possible to provide information for a considerable number of regional farm supply purchasing cooperatives which have total net sales of less than \$2-1/2 million. It is hoped that information for such associations may be included when this handbook is revised. It should also be pointed out that there are many regional cooperative marketing-purchasing associations that perform an extensive cooperative purchasing service. Appendix A presents information on the value of supplies distributed to farmers through three associations of this type which had combined supply sales of more than \$41 million in 1945.

PART I

INDIVIDUAL REPORTS FOR 18 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1944 AND IN 1945

This section presents information for each of the 18 associations, such as date of organization, area of service, types of local outlets, volume of business, distribution of savings, and financial condition.

COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE, INC.

The Cooperative Grange League Federation Exchange, Inc., known as the "G.L.F.," was organized on June 28, 1920. It serves farmers in New York,

NOTE: Appreciation is expressed to the associations which provided the information used in the preparation of this handbook and to Mrs. Jeanne Franklin for her valuable aid, both technical and secretarial.

New Jersey, and the northern tier of counties in Pennsylvania - the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, New York.

The G.L.F. has a centralized form of organization. Its board of directors is directly responsible to its farmer-members. Membership is determined by ownership of common stock or by the extent of an individual's purchases or sales through the organization. Any farmer-patron who annually purchases or sells \$100 or more of supplies or produce through the organization qualifies as a member. The G.L.F. also is an integrated organization since it performs manufacturing, processing, wholesaling, transportation, and retailing services. At the end of the fiscal year, June 30, 1945, the G.L.F. was servicing about 200,000 regular farmer-patrons, or about one farmer out of every two in its service area.

On June 30, 1945, the G.L.F. was serving its patrons through the following types of retail organizations:

| <u>Types of retail outlet</u> | <u>Number</u> |
|---|---------------|
| G.L.F. retail service stores..... | 205 |
| G.L.F. farm repair and machine services..... | 18 |
| G.L.F. petroleum bulk plants..... | 44 |
| G.L.F. agent buyers..... | 382 |
| Independent local cooperatives..... | 46 |
| Farmer agents..... | 16 |
| Supplementary agents..... | <u>24</u> |
| Total retail outlets..... | <u>735</u> |

The G.L.F. retail service stores distribute farm supplies to and market farm products for G.L.F. patrons. They have a considerable amount of local autonomy although they are centrally financed and supervised through management contracts which may be canceled at any time by the local service stores. The G.L.F. petroleum bulk plants are organized in a similar way except that they are so located that they can perform over wider areas a specialized petroleum service for patrons. The G.L.F. agent-buyers are private businesses which have been granted a franchise to handle G.L.F. farm supplies in accordance with G.L.F. instructions. The independent local cooperatives are largely locally controlled farmers' marketing associations which also perform a cooperative purchasing service. The farmer-agents are generally large individual buyers who occasionally also serve neighboring patrons.

These various types of retail outlets obtain G.L.F. supplies for resale under the same wholesale terms through the manufacturing plants and warehouses which the G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also purchase from other commercial sources.

The wholesale value of supplies distributed by the G.L.F. to these retail outlets for the fiscal years ending June 30, 1944 and 1945 was as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Feed, flour, and cereals..... | \$77,483,318 | \$69,960,252 |
| Fertilizer and lime..... | 5,271,872 | 6,024,765 |
| Seed and seed potatoes ¹ | 3,570,469 | 3,708,180 |
| Petroleum products..... | 6,024,584 | 6,423,488 |
| Tires, tubes, and accessories..... | 502,151 | 515,305 |
| Farm equipment, accessories, and tools..... | 1,423,551 | 1,874,566 |
| Steel products..... | 572,174 | 559,143 |
| Lumber, paint, roofing, cement, etc..... | 1,224,265 | 919,043 |
| Insecticides, sprays, soda and washing powder, shells, bedding, etc..... | 1,427,758 | 1,396,984 |
| Rope and twine..... | 126,813 | 235,453 |
| Molasses and cod-liver oil..... | 156,114 | 191,467 |
| Package materials ² | 1,039,379 | 1,383,327 |
| Miscellaneous ³ | 346,973 | 241,774 |
| Groceries ⁴ | 734,536 | 39,107 |
| Total wholesale sales before elimination of intercompany sales..... | \$99,903,957 | \$93,472,854 |
| Total wholesale sales after elimination of estimated intercompany sales..... | <u>\$99,694,163</u> | <u>\$93,308,950</u> |

Supplies and services purchased at retail by farmers through G.L.F. managed retail outlets for the years ending June 30, 1944 and 1945 were as follows:

| | <u>1944</u> | <u>1945</u> |
|--|---------------------|---------------------|
| G.L.F. retail service and farm repair services..... | \$61,843,691 | \$58,599,726 |
| G.L.F. petroleum bulk plants..... | 6,759,973 | 6,845,254 |
| Total ⁵ | <u>\$68,603,664</u> | <u>\$65,444,980</u> |

During recent years, the G.L.F. has greatly expanded its cooperative marketing services for farm product. In some cases, its marketing operations are performed through the G.L.F. service stores described above with such special facilities as may be required. In many cases, however,

¹Does not include Allied Seed Division shipments to non-G.L.F. outlets.

²Includes baskets and crates.

³Includes rubber and canvas, agency supplies, ladders, household items, etc.

⁴Decrease due largely to transfer of grocery shipments to retail outlets to Cooperative P.&C. Family Foods, Inc.

⁵Decrease due to elimination of wholesale business, bags, and marketing in 1945 not separated in 1944. This factor greatly overbalanced inclusion of services (grinding, trucking, etc.) not included in 1944. Figure for 1945 comparable to 1944 would be \$72,128,567.

separate facilities such as canning plants are maintained. The following shows the types of marketing facilities:

| <u>Types of marketing facilities</u> | <u>Number</u> |
|---|---------------|
| Canning plants..... | 3 |
| Bean plants..... | 3 |
| Flour and cereal plants..... | 4 |
| Produce auctions..... | 3 |
| Terminal egg sales services..... | 5 |
| Country egg stations..... | 18 |
| Terminal sales agencies for beans, wheat, canned goods, and fresh produce..... | 3 |
| Cold storages..... | 2 |
| Livestock service..... | 1 |
| Transportation service..... | 1 |
| Poultry service..... | 1 |

The value of farm products marketed by the G.L.F. for the years ending June 30, 1944 and 1945 is shown below:

| <u>Commodities</u> | <u>Value of products marketed</u> | |
|---|-----------------------------------|-------------------------|
| | <u>1944</u> | <u>1945¹</u> |
| Eggs..... | \$8,428,063 | \$7,006,294 |
| Fruits and vegetables (including canned goods)..... | 2,611,547 | 2,903,938 |
| Grain (including flours and cereals)..... | 962,153 | 2,040,690 |
| Beans..... | 1,084,996 | 1,064,409 |
| Hay and straw..... | 980,451 | 416,717 |
| Miscellaneous ² and unclassified..... | 113,796 | 558,059 |
| Purchasing from marketing units (egg cases, seed beans, seed and plants, storage)..... | <u>638,893</u> | <u>638,506</u> |
| Total marketing sales after elimination of estimated intercompany sales..... | <u>\$14,819,899</u> | <u>\$14,628,613</u> |

Net savings of the G.L.F. for the years ending June 30, 1944 and 1945 were derived as follows:

| | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Manufacturing and wholesale..... | \$5,347,968 | \$2,463,027 |
| G.L.F. retail service stores..... | 1,998,137 | 1,307,515 |
| Petroleum distribution operations..... | 216,507 | 207,661 |
| Marketing sales ³ | 419,169 | 54,320 |
| Less intercompany dividends..... | <u>2,320</u> | <u>2,322</u> |
| Total net savings..... | <u>\$7,979,461</u> | <u>\$4,030,201</u> |

¹Including marketing by service stores, most of which for 1944 was included in retail purchasing volume.

²Includes poultry, livestock, meat, and seed.

³Including service stores operated by the marketing division.

These net savings were distributed in the following manner:

| | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Interest on participation certificates..... | \$100,947 | \$70,307 |
| Cash dividends on stock..... | 366,405 | 492,642 |
| Patronage refunds in cash..... | 5,171,799 | 2,821,779 |
| Patronage refunds in capital stock..... | 384,714 | 17,716 |
| Patronage refunds in participation certificates..... | 48,993 | - |
| Additions to reserves ¹ | <u>1,906,603</u> | <u>627,757</u> |
| Total..... | <u>\$7,979,461</u> | <u>\$4,030,201</u> |

The financial condition of the Cooperative G.L.F. Exchange, Inc., and its wholesale subsidiaries as of June 30, 1944 and 1945, is shown in the following condensed consolidated balance sheet:

| | <u>1944</u> | <u>1945</u> |
|--|---------------------|---------------------|
| Assets: | | |
| Current assets..... | \$18,751,363 | \$18,071,568 |
| Fixed assets (net)..... | 2,899,253 | 3,386,222 |
| Other assets..... | <u>1,881,736</u> | <u>1,638,414</u> |
| Total assets..... | <u>\$23,532,352</u> | <u>\$23,096,204</u> |
| Liabilities and Members' Equity: | | |
| Current liabilities..... | \$6,634,660 | \$5,161,453 |
| Other liabilities..... | 1,300,000 | 700,000 |
| Reserves for contingent liabilities..... | 1,688,934 | 1,443,546 |
| Capital stock and patrons' equity ² | <u>13,908,758</u> | <u>15,791,205</u> |
| Total liabilities and net worth..... | <u>\$23,532,352</u> | <u>\$23,096,204</u> |

The following tabulation provides information on the number and value of facilities owned and operated by the G.L.F. on June 30, 1945:

| | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---|--|---------------------|------------------------------|
| Feed mills..... | 3 | \$4,238,266 | \$1,439,069 |
| Fertilizer and insecticide plants..... | 9 | 786,122 | 314,414 |
| Seed cleaning plants..... | 5 | 622,302 | 152,059 |
| Wholesale farm supply warehouses..... | 7 | 106,229 | 79,340 |
| Petroleum bulk storage terminals..... | 5 | 60,590 | 53,424 |
| Retail farm supply stores..... | 197 | 3,241,798 | 1,590,412 |
| Farm repair services..... | 15 | 31,914 | 27,036 |
| Bulk petroleum plants..... | 45 | 542,756 | 218,770 |
| Lumber mill and package manufacturing. | 2 | 343,107 | 143,275 |
| Marketing warehouses and processing plants (includes three canning plants) ³ | 44 | 1,210,827 | 935,443 |
| Office buildings..... | 1 | 513,937 | 100,747 |
| Miscellaneous..... | 3 | 102,171 | 79,554 |
| Freezer-locker plants..... | <u>2</u> | <u>164,615</u> | <u>153,126</u> |
| Total..... | | <u>\$11,964,634</u> | <u>\$5,286,669</u> |

| | <u>1944</u> | <u>1945</u> |
|---|------------------|----------------|
| ¹ Additions to liability reserves..... | \$350,407 | \$250,000 |
| Additions to reserves for contingent liabilities..... | 64,651 | 2,862 |
| Write-offs, absorptions, adjustments, etc..... | 56,199 | (Cr.) 199,833 |
| Additions to patrons' equity reserves..... | <u>1,435,346</u> | <u>574,728</u> |

²Includes reserves for price declines.

³Includes eight service stores operated by the marketing division.

On June 30, 1945, the G.L.F. had 3,496 employees. Of these 243 were engaged in general administration activities, 1,330 in manufacturing and processing operations, 1,550 in retail distribution, and 373 in farm product marketing work. These figures do not include retail employees of independent cooperatives and agent-buyers and their employees who may spend most of their time in distributing G.L.F. farm supplies.

SOUTHERN STATES COOPERATIVE, INC.

The Southern States Cooperative, Inc., of Richmond, Virginia, was organized on July 21, 1923, under the name, Virginia Seed Service, reorganized in 1933 under its present name. At the end of its operating year, June 30, 1945, it was serving approximately 180,000 patrons in Virginia, West Virginia, Kentucky, Maryland, and Delaware. More than 99 percent of its patrons were farmers, and 90 percent were members. A farmer-patron becomes a member by acquiring ownership of a share of stock through the application of patronage refund payments.

On June 30, 1945, the Southern States Cooperative was serving its patrons through the following types of retail organization:

| <u>Types of retail outlet</u> | <u>Number</u> |
|--|---------------|
| Southern States Cooperative frozen food locker plants..... | 5 |
| Southern States Cooperative retail service stores..... | 73 |
| Southern States Cooperative petroleum service plants..... | 18 |
| Southern States Cooperative service agencies..... | 618 |
| Independent local cooperative associations..... | 66 |
| Farmer agents (fertilizer only)..... | 675 |

The Southern States Cooperative retail service stores and petroleum service plants are separately incorporated cooperative associations which are under the management supervision of the Southern States Cooperative. The Southern States Cooperative service agencies are private retail supply dealers who have contracted to handle Southern States Cooperative supplies under agreed-upon conditions. The independent local cooperatives are separately incorporated marketing and purchasing associations which use the Southern States Cooperative as a wholesale source of supply. The farmer-agents are individual farmers who pool fertilizer orders and arrange distribution for their neighbors.

In addition to performing a wholesale service for the above groups of retail outlets, the Southern States Cooperative also performs a feed manufacturing service for the Farmers Cooperative Exchange of North Carolina, the Pennsylvania Farm Bureau Cooperative Association, Inc., and the Farm Bureau Cooperative Association, Inc., of Ohio, through jointly owned manufacturing facilities. Similarly, manufacturing service for fertilizer is performed for the Farmers Cooperative Exchange of North Carolina and the Pennsylvania Farm Bureau Cooperative Association, Inc.

The value of supplies distributed at wholesale through the retail outlets enumerated above, plus the value of supplies manufactured for the account of affiliated regional cooperatives, for the fiscal years ending June 30, 1944 and 1945 was as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---------------------|---------------------|---------------------|
| Feed..... | \$25,035,261 | \$24,957,607 |
| Fertilizer..... | 5,922,237 | 6,795,594 |
| Seed..... | 2,619,249 | 2,864,348 |
| Petroleum..... | 1,311,354 | 1,628,668 |
| Other supplies..... | 6,326,526 | 4,311,391 |
| Total..... | <u>\$41,214,627</u> | <u>\$40,557,608</u> |

The value of supplies distributed at retail by Southern States Cooperative managed retail outlets amounted to \$14,025,814 in 1944 and \$14,124,214 in 1945.

The value of Southern States Cooperative marketing sales (eggs) amounted to \$2,572,349 in 1944 and \$2,445,937 in 1945.

The combined value of all commodities sold through the Southern States Cooperative thus amounted to \$57,812,790 in 1944 and \$57,127,759 in 1945.

The total savings from all operations amounted to \$3,170,194 in 1944 and \$1,640,566 in 1945. These savings were distributed in the following way:

| | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Cash dividends on stock..... | \$184,272 | \$306,607 |
| Patronage refunds in cash..... | 196,897 | 257,877 |
| Patronage refunds paid in capital stock..... | 1,849,735 | 675,570 |
| Retained in reserves or unallocated..... | 939,290 | 400,512 |
| Total..... | <u>\$3,170,194</u> | <u>\$1,640,566</u> |

The financial condition of the Southern States Cooperative as of June 30, 1944 and 1945 is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|---------------------|
| Assets: | | |
| Current assets..... | \$7,131,780 | \$6,590,043 |
| Fixed assets..... | 2,138,456 | 3,780,318 |
| Other assets..... | 455,931 | 521,835 |
| Total..... | <u>\$9,726,167</u> | <u>\$10,892,196</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,576,429 | \$1,174,179 |
| Deferred liabilities..... | - | 18,588 |
| Fixed indebtedness..... | 510,000 | - |
| Net worth (capital and reserves)..... | 7,639,738 | 9,699,429 |
| Total..... | <u>\$9,726,167</u> | <u>\$10,892,196</u> |

Retained savings represented 43 percent of the net worth as of June 30, 1945.

The following tabulation presents information on the number and value of facilities owned and operated by the Southern States Cooperative on June 30, 1945:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---|--|--------------------|------------------------------|
| Frozen food locker plants..... | 5 | \$212,321 | \$210,647 |
| Feed mills..... | 5 | 1,309,023 | 854,628 |
| Fertilizer plants..... | 3 | 570,721 | 372,233 |
| Seed cleaning plants and wholesale farm supply warehouses..... | 6 | 794,996 | 685,398 |
| Southern States Cooperative retail service stores..... | 73 | 391,104 | 290,944 |
| Bulk petroleum plants..... | 18 | 296,417 | 196,375 |
| Oil delivery trucks..... | 45 | 119,420 | 59,632 |
| Transport trucks..... | 13 | 42,757 | 19,650 |
| General delivery trucks..... | 44 | 48,582 | 16,327 |
| Total value..... | | <u>\$3,785,341</u> | <u>\$2,705,834</u> |

On June 30, 1945, the Southern States Cooperative had 1,547 employees. Of these 329 were engaged in general administrative activities, 753 in manufacturing and processing operations and in marketing operations, and 465 in retail distribution.

EASTERN STATES FARMERS' EXCHANGE

The Eastern States Farmers' Exchange, with headquarters at West Springfield, Massachusetts, was organized on January 28, 1918. At the end of its operating year, December 31, 1945, it was serving over 83,000 patrons located in the six New England States, in Pennsylvania (except for the northern tier of counties), in Delaware, and in part of Maryland.

Membership in the Eastern States Farmers' Exchange is determined by use. Every farmer who purchases through the Exchange becomes a member and remains a member for 2 years beginning January 1, after the date of last purchase. Only one and one-half percent of the 1945 volume of business was with nonfarmers.

The Eastern States Farmers' Exchange serves its patrons through 455 farmer-representatives, through 26 independent cooperative associations which also serve as representatives, and through 64 regional branch warehouses which are strategically located to supplement local car-door distribution.

The Exchange is an integrated organization of farmers which performs buying, manufacturing, and farm supply distributing functions. Purchases by patrons for 1944 and 1945 were as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Feed and grain..... | \$47,724,367 | \$47,812,255 |
| Field seeds..... | 1,162,014 | 1,231,545 |
| Seed potatoes..... | 984,454 | 934,852 |
| Vegetable seeds..... | 168,633 | 164,732 |
| Fertilizer and lime..... | 2,505,308 | 2,599,173 |
| Spray materials..... | 307,135 | 283,531 |
| Miscellaneous (roofing, oil, paint, etc.)..... | 499,401 | 669,758 |
| Total..... | <u>\$53,351,312</u> | <u>\$53,695,846</u> |

Total savings of the Eastern States Farmers' Exchange were \$1,752,104 in 1944 and \$1,477,111 in 1945. These savings were distributed as follows for the 2 years:

| | <u>1944</u> | <u>1945</u> |
|---------------------------|--------------------|--------------------|
| Patronage refunds..... | \$1,173,910 | \$989,664 |
| Retained in reserves..... | 578,194 | 487,447 |
| Total..... | <u>\$1,752,104</u> | <u>\$1,477,111</u> |

The financial statements for the Eastern States Farmers' Exchange as of December 31, 1944 and 1945, were as follows:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$7,395,810 | \$7,687,353 |
| Fixed assets..... | 1,372,100 | 1,376,658 |
| Other assets..... | 271,921 | 267,168 |
| Total assets..... | <u>\$9,039,831</u> | <u>\$9,331,179</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,789,898 | \$4,173,799 |
| Fixed indebtedness..... | 2,580,000 | - |
| Net worth (patrons' equity)..... | 4,669,933 | 5,157,380 |
| Total liabilities and net worth..... | <u>\$9,039,831</u> | <u>\$9,331,179</u> |

It is significant that all of the net worth, or patrons' equity, was accumulated through retained savings.

The accumulated capital expenditures of the Exchange for its feed mill, three fertilizer plants, regional warehouses, and other operating facilities, amounted to \$7,171,726 on December 31, 1945. However, only \$1,376,658 was carried on the books as capital investment since the

Exchange has followed the policy of writing off the value of its facilities and equipment, recognizing that in a bona fide nonprofit patron-owned cooperative, facilities so financed cost patrons less and result in lower margins and service charges.

On December 31, 1945, the Exchange had 1,090 employees of whom 312 were employed in general administration, 591 in manufacturing and processing, and 187 in distributing through its warehouses. These figures include employees on the pay roll of the organization. They do not include farmer-representatives and employees of cooperatives who distribute supplies for the Exchange for local handling charges paid by members.

(OHIO) FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1945, it was serving 86 member associations, with 186 distribution points, in the State of Ohio. These cooperative outlets served 125,000 patrons, of whom 92 percent were farmers.

The wholesale supply sales of the Farm Bureau Cooperative Association, Inc., were distributed for 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--|---------------------|--------------------------|
| Feed..... | \$7,053,889 | ¹ \$7,278,285 |
| Fertilizer..... | 2,430,297 | 2,558,376 |
| Seed and seed potatoes..... | 1,103,952 | 1,063,034 |
| Gas, oil, and grease..... | 2,233,189 | 3,356,398 |
| Tires, tubes, and other accessories..... | 116,350 | 154,815 |
| Farm machinery..... | 374,261 | 531,798 |
| Farm equipment..... | 71,592 | 102,637 |
| Steel products..... | 971,975 | 805,299 |
| Lumber, paint, and other maintenance equipment..... | 161,257 | 260,753 |
| Insecticides..... | 205,321 | 219,280 |
| Electrical equipment and appliances..... | 236,927 | 287,417 |
| Twine..... | 39,634 | 68,035 |
| Coal..... | 288,918 | 282,575 |
| Miscellaneous farm supplies..... | 563,096 | 863,778 |
| Total wholesale supply sales..... | <u>\$15,850,658</u> | <u>\$17,832,480</u> |

The value of farm products marketed through the Farm Bureau Cooperative Association, Inc., amounted to the following:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|-----------------------------------|--------------------|--------------------|
| Grain..... | \$4,460,416 | \$6,751,952 |
| Eggs, butter..... | <u>1,433,636</u> | <u>1,452,215</u> |
| Total value of farm products..... | <u>\$5,894,052</u> | <u>\$8,204,167</u> |

¹Includes \$1,587,954 Intercompany sales.

The total net savings from all operations amounted to \$547,771 in 1944 and \$509,727 in 1945. The distribution of these savings was as follows:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$65,790 | \$81,797 |
| Cash patronage refunds..... | 74,401 | 15,172 |
| Patronage refunds in capital stock..... | 294,989 | 247,000 |
| Retained in reserves..... | <u>112,591</u> | <u>165,758</u> |
| Total net savings..... | <u>\$547,771</u> | <u>\$509,727</u> |

The financial condition of the Farm Bureau Cooperative Association, Inc., as of December 31, 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$3,127,794 | \$4,677,775 |
| Fixed assets..... | 1,187,088 | 1,679,279 |
| Other assets..... | <u>663,278</u> | <u>1,171,815</u> |
| Total assets..... | <u>\$4,978,160</u> | <u>\$7,528,869</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,577,366 | \$3,402,813 |
| Other liabilities..... | 510,000 | 765,000 |
| Net worth (capital and reserves)..... | <u>2,890,794</u> | <u>3,361,056</u> |
| Total liabilities and net worth..... | <u>\$4,978,160</u> | <u>\$7,528,869</u> |

Sixty-six percent of the net worth was accumulated through the sale of stock, while 34 percent was retained savings.

The principal operating facilities owned and operated by the Farm Bureau Cooperative Association, Inc., at the close of the 1945 fiscal year are listed below:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---------------------------------------|--|--------------------|------------------------------|
| Feed mills..... | 5 | \$732,945 | \$589,767 |
| Fertilizer plants..... | 4 | 394,342 | 306,327 |
| Wholesale farm supply warehouses..... | 5 | 55,884 | 31,945 |
| Refinery..... | 1 | 289,427 | 211,871 |
| Transport trucks..... | 3 | 13,332 | 1,763 |
| Oil delivery trucks..... | 8 | <u>78,030</u> | <u>20,699</u> |
| Total value..... | | <u>\$1,563,960</u> | <u>\$1,162,372</u> |

In addition to the above, the association had invested \$1,053,100 in feed, fertilizer, petroleum processing, and other facilities jointly owned with other cooperative associations.

As of December 31, 1945, the Farm Bureau Cooperative Association, Inc., had 522 employees. Of this number, 104 were engaged in general administration, 390 in manufacturing and processing, and 28 in wholesale distribution.

CONSUMERS COOPERATIVE ASSOCIATION

The Consumers Cooperative Association, Kansas City, Missouri, was organized in 1929. At the end of its operating year, August 31, 1945, it served 907 member and 319 nonmember associations in Missouri, Kansas, Oklahoma, Nebraska, Iowa, Colorado, North Dakota, South Dakota, Utah, and Wyoming. These associations, in turn, served approximately 250,000 patrons, of whom about 98 percent were farmers.

The wholesale supply sales of the Consumer Cooperative Associations were distributed as follows for the fiscal year ending August 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|------------------------------------|---------------------|---------------------|
| Petroleum products..... | \$12,254,000 | \$17,302,745 |
| Tires, tubes, and accessories..... | 405,845 | 519,837 |
| Paint..... | 104,306 | 117,698 |
| Twine..... | 94,363 | 127,396 |
| Spray..... | 16,730 | 14,708 |
| Feed..... | 788,178 | 1,575,253 |
| Machinery..... | 35,283 | 113,364 |
| Wire and steel..... | 137,059 | 102,838 |
| Lumber and roofing..... | 635,083 | 321,751 |
| Groceries..... | 853,874 | 1,423,628 |
| Household appliances..... | 158,637 | 208,181 |
| Miscellaneous ¹ | <u>67,194</u> | <u>107,153</u> |
| Total wholesale sales..... | <u>\$15,550,606</u> | <u>\$21,934,552</u> |

On August 31, 1945, the Consumers Cooperative Association was serving 7,172 member patrons direct through facilities operated by its retail department. The retail sales of this department increased from \$305,591 in 1944 to \$326,406 in 1945.

The net savings of the Consumers Cooperative Association were as follows for the fiscal years ending August 31, 1944 and 1945:

| | <u>1944</u> | <u>1945</u> |
|----------------|------------------|------------------|
| Wholesale..... | \$236,976 | \$577,974 |
| Retail..... | <u>8,097</u> | <u>1,140</u> |
| Total..... | <u>\$245,073</u> | <u>\$579,114</u> |

¹Service station equipment and farm supplies.

The financial condition of the Consumers Cooperative Association as of August 31, 1944 and 1945, is shown below:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,935,122 | \$2,332,093 |
| Fixed assets..... | 849,972 | 1,753,265 |
| Other assets..... | 1,954,408 | 3,458,805 |
| Total assets..... | <u>\$4,739,502</u> | <u>\$7,544,163</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,480,114 | \$2,098,967 |
| Other liabilities..... | 526,060 | 674,787 |
| Net worth (capital and reserves)..... | 2,733,328 | 4,770,409 |
| Total liabilities and net worth..... | <u>\$4,739,502</u> | <u>\$7,544,163</u> |

Of the net worth as of August 31, 1945, 19 percent was accumulated through sale of stock, and 81 percent represented retained savings.

The Consumers Cooperative Association employs three subsidiary corporation to perform manufacturing services - the Cooperative Refinery Association, the Cooperative Pipe Line Association, and the Cooperative Oil Producing Association. The common stock of each subsidiary organization is owned by the Consumers Cooperative Association, and its directors are also the directors of the subsidiary corporations. Savings of the subsidiaries after reserves have been created and dividends paid on common and preferred stock accrue to the Consumers Cooperative Association. For that reason the full financial condition of the enterprise controlled by the Consumers Cooperative Association can only be shown by combining the financial statements of the Consumers Cooperative Association with those of its three subsidiary corporations. The composite balance sheets of the Consumers Cooperative Association, and of the Cooperative Refinery Association, Cooperative Pipe Line Association, and the Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945, were as follows:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------------|---------------------|---------------------|
| Assets: | | |
| Current assets..... | \$5,407,774 | \$7,084,336 |
| Fixed assets..... | 4,708,629 | 5,923,661 |
| Other assets..... | 1,541,830 | 1,859,267 |
| Total assets..... | <u>\$11,658,233</u> | <u>\$14,867,264</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$2,367,989 | \$3,208,675 |
| Other liabilities..... | 4,458,439 | 4,388,601 |
| Net worth..... | 4,831,805 | 7,269,988 |
| Total liabilities and net worth..... | <u>\$11,658,233</u> | <u>\$14,867,264</u> |

The combined net sales of the Consumers Cooperative Association and the Cooperative Refinery Association, Cooperative Pipe Line Association and the Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945, were as follows:

| <u>Sales</u> | <u>1944</u> | <u>1945</u> |
|--|---------------------|---------------------|
| Consumers Cooperative Association..... | \$15,856,197 | \$22,032,764 |
| Cooperative Refinery Association..... | 10,994,597 | 15,010,649 |
| Cooperative Pipe Line Association..... | 1,307,434 | 1,457,303 |
| Cooperative Oil Producing Association... | <u>52,728</u> | <u>10,538</u> |
| Total sales..... | <u>\$28,210,956</u> | <u>\$38,511,254</u> |

The following tabulation shows the combined savings of the Consumers Cooperative Association, Cooperative Refinery Association, Cooperative Pipe Line Association, and Cooperative Oil Producing Association for the years ending August 31, 1944 and 1945:

| | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Consumers Cooperative Association..... | \$245,073 | \$579,114 |
| Cooperative Refinery Association..... | 1,267,132 | 1,169,477 |
| Cooperative Pipe Line Association..... | 11,024 | 11,852 |
| Cooperative Oil Producing Association..... | <u>2,575</u> | <u>6,064</u> |
| Total..... | <u>\$1,525,804</u> | <u>\$1,766,507</u> |

These savings were distributed in the following manner for the 2 years:

| | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Cash dividends on stock..... | \$39,759 | \$56,280 |
| Patronage refunds in cash | 34,982 | 36,732 |
| Patronage refunds in share capital..... | 125,347 | 30,700 |
| Additions to reserves..... | 365,851 | 557,928 |
| Deferred patronage refunds and revolving fund.. | <u>959,865</u> | <u>1,084,867</u> |
| Totals..... | <u>\$1,525,804</u> | <u>\$1,766,507</u> |

The Consumers Cooperative Association and its subsidiary corporations had 1,857 employees on August 31, 1945, of whom 300 were employed in general administration, 1,273¹ in manufacturing and processing, 193 in wholesale distribution, and 91 in retail distribution.

ILLINOIS FARM SUPPLY COMPANY

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year, August 31, 1945, it was providing a wholesale farm supply service for 162 member associations² throughout the State of Illinois which, in turn, served

¹310 employed in canning operations during seasonal pack only.

²Seventy-eight of the member associations are cooperative petroleum service companies which operate over county-wide areas. The remaining 84 are farmers' cooperative associations of various types.

about 115,000 patrons of whom approximately 97 percent were farmers. Member associations must operate under the Capper-Volstead Act and the Agricultural Cooperative Act of Illinois and must be engaged wholly or partly in cooperative distribution of farm supplies.

The wholesale supply sales of the Illinois Farm Supply Company were distributed during the fiscal years ending August 31, 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Feed..... | \$2,778,771 | \$3,811,902 |
| Fertilizer..... | 139,430 | 728,223 |
| Petroleum products..... | 10,223,361 | 11,076,988 |
| Tires, tubes, and accessories..... | 367,746 | 389,138 |
| Farm equipment..... | 43,127 | 238,013 |
| Steel products..... | 144,234 | 238,014 |
| Lumber, paint, and other maintenance equipment..... | 442,846 | 437,380 |
| Insecticides | 83,339 | 76,738 |
| Electrical equipment..... | 2,064 | 942 |
| Twine..... | 18,698 | 30,634 |
| Miscellaneous ¹ | 2,388,775 | 2,309,035 |
| Total wholesale sales..... | <u>\$16,632,391</u> | <u>\$19,337,007</u> |

The total net savings from all operations amounted to \$973,970 in 1944 and \$1,247,310 in 1945. These savings were distributed for the 2 years in the following way:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------|------------------|--------------------|
| Cash dividends on stock..... | \$45,920 | \$51,784 |
| Patronage refunds in cash..... | 749,810 | 1,075,974 |
| Additions to reserves..... | 178,240 | 119,552 |
| Total..... | <u>\$973,970</u> | <u>\$1,247,310</u> |

The financial condition of the Illinois Farm Supply Company, as of August 31, 1944 and 1945, was as follows:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$2,545,926 | \$3,095,041 |
| Fixed assets..... | 250,668 | 504,019 |
| Other assets..... | 104,487 | 137,698 |
| Total assets..... | <u>\$2,901,081</u> | <u>\$3,736,758</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,035,305 | \$1,526,912 |
| Other liabilities..... | 170,247 | 229,548 |
| Net worth (capital and reserves)..... | 1,695,529 | 1,980,298 |
| Total liabilities and net worth..... | <u>\$2,901,081</u> | <u>\$3,736,758</u> |

¹Miscellaneous figures in both 1944 and 1945 include the gross freight income of the transportation department.

On August 31, 1945, 42 percent of the net worth had been accumulated through the sale of stock while 58 percent represented retained savings.

Information on the type and value of principal operating facilities owned by the Illinois Farm Supply Company as of August 31, 1945, is as follows:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---|--|-------------------|------------------------------|
| Other operating facilities..... | - | \$33,729 | \$13,080 |
| Marine terminal bulk petroleum plants..... | 2 | 237,847 | 184,708 |
| Transport trucks..... | 18 | 177,205 | 98,073 |
| Barges..... | 4 | 95,189 | 71,488 |
| Towboats..... | 2 | 157,033 | 125,247 |
| Laboratory..... | 1 | 7,494 | 6,103 |
| Tire recapping plant..... | 1 | 22,579 | 5,320 |
| Total operating facilities..... | | <u>\$731,076</u> | <u>\$504,019</u> |

As of August 31, 1945, the Illinois Farm Supply Company had 157 employees, of whom 77 were engaged in general administration and 80 in whole-sale distribution.

FRUIT GROWERS SUPPLY COMPANY

The Fruit Growers Supply Company of Los Angeles, California, organized in October 1907, is the oldest major farmers' cooperative purchasing association. It serves 180 member citrus packing house associations with 12,000 farmer-members who are located in the citrus districts of southern and central California. Although separately incorporated and managed, it is in fact the supply department for the California Fruit Growers Exchange.

The wholesale supply sales of the Fruit Growers Supply Company were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Fertilizer..... | \$2,140,678 | \$2,089,065 |
| Miscellaneous orchard supplies..... | 118,566 | 257,721 |
| Gas, oil, and grease..... | 47,108 | 56,749 |
| Insecticides..... | 1,122,901 | 1,404,643 |
| Box shook, tissue paper wraps, and other packing supplies..... | <u>13,513,140</u> | <u>13,915,675</u> |
| Total wholesale supply sales..... | <u>\$16,942,393</u> | <u>\$17,723,853</u> |

The total patronage refunds on these sales amounted to \$1,882,866 in 1944 and \$1,307,006 in 1945, all of which were distributed in cash.

The financial condition of the Fruit Growers Supply Company as of December 31, for 1944 and 1945 is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|---------------------|---------------------|
| Assets: | | |
| Current assets..... | \$6,219,825 | \$5,147,066 |
| Fixed assets..... | <u>5,888,995</u> | <u>13,714,328</u> |
| Total assets..... | <u>\$12,108,820</u> | <u>\$18,861,394</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,662,656 | \$3,728,147 |
| Other liabilities..... | 2,000,000 | 7,698,621 |
| Net worth (capital and reserves)..... | <u>8,446,164</u> | <u>7,434,626</u> |
| Total liabilities and net worth..... | <u>\$12,108,820</u> | <u>\$18,861,394</u> |

As of December 31, 1945, 80.7 percent of the net worth had been accumulated through the sale of stock, while 19.3 percent represented savings temporarily retained out of earnings.

The Fruit Growers Supply Company owns and operates three lumber plants which at the close of 1945 had a depreciated value of \$2,652,830.

On December 31, 1945, the Company had 2,488 employees engaged in manufacturing and processing and 6 engaged in general administration.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters at Indianapolis, Indiana, was organized in its present form in February 1927. At the end of its operating year, December 31, 1945, it was serving 85 Indiana county farm bureau cooperative associations, and 1 in Kentucky. These 86 associations distribute supplies to approximately 110,000 patrons, 95 percent of whom are farmers.

The wholesale supply sales of the Indiana Farm Bureau Cooperative Association, Inc., were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Feed..... | \$2,554,016 | \$2,950,573 |
| Fertilizer..... | 2,437,504 | 2,422,320 |
| Seed..... | 674,879 | 661,381 |
| Gas, oil, and grease..... | 4,628,624 | 4,981,565 |
| Tires, tubes, and other accessories..... | 68,341 | 141,587 |
| Farm machinery..... | 449,000 | 777,939 |
| Farm equipment..... | 171,730 | 195,514 |
| Steel products..... | 1,721,567 | 1,701,382 |
| Lumber, paint, and other maintenance equipment..... | 1,433,978 | 1,431,427 |
| Insecticides..... | 62,322 | 63,374 |
| Electrical equipment and appliances..... | 198,798 | 244,147 |
| Twine..... | 29,227 | 38,494 |
| Coal..... | 828,044 | 990,916 |
| Chicks, eggs, and poultry..... | 154,994 | 237,486 |
| Miscellaneous..... | <u>313,800</u> | <u>371,557</u> |
| Total wholesale supply sales..... | <u>\$15,726,824</u> | <u>\$17,209,662</u> |

The total net savings on sales amounted to \$1,014,758 in 1944 and \$1,093,673 in 1945. Savings were distributed as follows:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Cash dividends on stock..... | \$101,657 | \$144,940 |
| Patronage refunds in cash..... | 556,210 | 927,549 |
| Retained in reserves..... | 355,609 | - |
| Retained for surplus adjustments..... | 1,282 | 21,184 |
| Total net savings..... | <u>\$1,014,758</u> | <u>\$1,093,673</u> |

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$3,379,630 | \$4,626,721 |
| Fixed assets..... | 876,989 | 1,722,995 |
| Other assets..... | 1,790,480 | 3,641,642 |
| Total assets..... | <u>\$6,047,099</u> | <u>\$9,991,358</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,499,028 | \$4,431,789 |
| Other liabilities..... | 167,500 | 140,000 |
| Net worth (capital and reserves)..... | 4,380,571 | 5,419,569 |
| Total liabilities and net worth..... | <u>\$6,047,099</u> | <u>\$9,991,358</u> |

On December 31, 1945, 17.18 percent of the net worth represented retained savings, while 82.82 percent had been accumulated through the sale of stock.

At the close of 1945, the Indiana Farm Bureau Cooperative Association, Inc., owned and operated the following principal facilities:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|--------------------------------------|--|--------------------|------------------------------|
| Fertilizer plants..... | 1 | \$262,836 | \$180,180 |
| Seed cleaning plants..... | 1 | 14,283 | 5,464 |
| Wholesale farm supply warehouses.... | - | - | - |
| Petroleum refinery..... | 1 | 1,023,594 | 843,767 |
| Transport trucks..... | 17 | 127,465 | 24,413 |
| General delivery trucks..... | 6 | 5,513 | 1,363 |
| Barge and towboat..... | 2 | 121,598 | 99,587 |
| Total value..... | | <u>\$1,555,289</u> | <u>\$1,154,774</u> |

In addition to the above, the association held investments of approximately \$1,500,000 in facilities jointly owned with other cooperative associations.

The association had at the close of the 1945 season 362 employees of whom 180 were engaged in general administration activities, 71 in manufacturing and processing, and 111 in wholesale distribution work.

FARMERS UNION CENTRAL EXCHANGE, INC.

Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minnesota, was organized in 1931. At the end of its fiscal year, December 31, 1945, it was serving 400 active member associations with approximately 175,000 patrons, 90 percent of whom were farmers, and 200 nonmember associations with 150,000 patrons, 80 percent of whom were farmers. It operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, Idaho, and Wyoming.

The wholesale supply sales of the Farmers Union Central Exchange were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--|---------------------|---------------------|
| Feed, seed, flour, and fertilizer..... | \$1,151,074 | \$1,096,977 |
| Gas, oil, and grease..... | 8,002,607 | 9,456,109 |
| Tires, tubes, and other accessories..... | 1,052,934 | 1,461,905 |
| Farm machinery..... | 752,487 | 841,363 |
| Steel products..... | 113,242 | 127,400 |
| Lumber, paint, and other maintenance equipment..... | 356,855 | 348,663 |
| Insecticides..... | 21,464 | 21,550 |
| Electrical equipment and appliances..... | 259,393 | 231,463 |
| Twine..... | 157,184 | 140,568 |
| Coal..... | 38,240 | 29,716 |
| Groceries..... | 155,858 | 159,103 |
| Miscellaneous..... | 239,012 | 149,277 |
| Total wholesale supply sales..... | <u>\$12,300,350</u> | <u>\$14,064,094</u> |

The total net savings on these sales amounted to \$978,961 in 1944 and \$1,320,630 in 1945. In addition, savings in the form of stock and stock credits from other cooperatives amounted to \$312,769 in 1944, and \$319,608 in 1945, which made total savings of \$1,291,730 for 1944, and \$1,640,239 for 1945. These savings were distributed in the following manner:

| | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Cash dividends on stock..... | \$74,124 | \$99,049 |
| Educational fund..... | 48,948 | 61,585 |
| Patronage refunds in capital stock..... | 934,485 | 1,126,540 |
| Retained in reserves..... | 234,173 | 328,048 |
| Employees saving sharing fund..... | - | 22,017 |
| Total net savings..... | <u>\$1,291,730</u> | <u>\$1,640,239</u> |

The financial condition of the Farmers Union Central Exchange, Inc., as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$2,451,227 | \$3,771,849 |
| Fixed assets..... | 1,259,870 | 1,125,229 |
| Other assets..... | 1,056,795 | 24,366 |
| Investments..... | - | 1,678,631 |
| Total assets..... | <u>\$4,767,892</u> | <u>\$6,600,075</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$1,034,422 | \$1,454,782 |
| Net worth (capital and reserves)..... | <u>3,733,470</u> | <u>5,145,293</u> |
| Total liabilities and net worth..... | <u>\$4,767,892</u> | <u>\$6,600,075</u> |

As of December 31, 1945, 100 percent of the net worth represented retained savings.

The Farmers Union Central Exchange, Inc., owned and operated the following facilities at the close of 1945:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---------------------------------------|--|--------------------|------------------------------|
| Wholesale farm supply warehouses..... | 5 | \$45,324 | \$21,581 |
| Oil blending plant..... | 1 | 197,183 | 142,939 |
| Oil blending equipment..... | | 39,797 | 14,080 |
| Auto and trucks..... | | 34,080 | 17,398 |
| Furniture and fixtures..... | | 87,120 | 51,722 |
| Refinery property..... | | 1,113,044 | 841,917 |
| Bulk plant and equipment..... | | 10,395 | 5,229 |
| Non-classified..... | | 42,225 | 30,300 |
| Total value..... | | <u>\$1,569,168</u> | <u>\$1,125,229</u> |

On December 31, 1945, the Farmers Union Central Exchange, Inc., had 350 employees engaged in wholesale distribution.

FARMERS COOPERATIVE EXCHANGE, INC.

The Farmers Cooperative Exchange, Inc. (F.C.X.), with headquarters at Raleigh, North Carolina, was organized on March 12, 1934. It serves approximately 43,000 patrons in North Carolina and South Carolina, of whom almost all are farmers.¹

¹The F.C.X. is closely related to the North Carolina Cotton Growers Cooperative Association. The boards of directors interlock and the same general manager serves both organizations. The volume of cotton handled by the North Carolina Cotton Growers Association was approximately 9 million dollars during the 1944-45 season and its net worth as of June 30, 1945, totaled \$577,667.

The F.C.X. distributes supplies through 34 F.C.X. retail service stores, which are centrally managed, 32 independent cooperative associations, 235 private dealer agencies, and 300 farmer "order takers" for fertilizer.

The wholesale supply sales of the F.C.X. were distributed as follows for the years ending June 30, 1944 and 1945.

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|-----------------------------------|--------------------|--------------------|
| Feeds..... | \$4,512,906 | \$3,955,585 |
| Fertilizer..... | 884,037 | 854,804 |
| Seed and farm supplies..... | 1,247,960 | 1,325,624 |
| Steel products and paint..... | <u>159,951</u> | <u>124,805</u> |
| Total wholesale supply sales..... | <u>\$6,804,854</u> | <u>\$6,260,818</u> |

The value of supplies distributed at retail by F.C.X. managed retail outlets amounted to \$5,843,198 in 1944 and \$5,293,986 in 1945.

The value of farm products marketed by the F.C.X. was as follows for 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Potatoes..... | \$488,016 | |
| Seeds..... | 655,182 | \$657,161 |
| Eggs, poultry, and miscellaneous..... | <u>606,314</u> | <u>472,966</u> |
| Total sales of farm products..... | <u>\$1,749,512</u> | <u>\$1,130,127</u> |

The total net savings of the combined operations of the F.C.X. amounted to \$512,723 at the end of fiscal year June 30, 1944 and \$388,726 at the end of fiscal year June 30, 1945. These savings were distributed in the following way:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$21,902 | \$34,123 |
| Cash patronage refunds (by | | |
| Mecklenburg F.C.X.)..... | 8,657 | 7,774 |
| Patronage refunds in capital stock..... | 143,728 | 166,609 |
| Retained in reserves ¹ | <u>338,436</u> | <u>180,220</u> |
| Total net savings..... | <u>\$512,723</u> | <u>\$388,726</u> |

¹of the amount retained in reserve in the period 1943-44, \$149,000 was reserved for inventory decline.

The financial condition of the F.C.X. as of June 30, 1944 and June 30, 1945 is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,796,097 | \$1,355,149 |
| Fixed assets (depreciated)..... | 104,833 | 119,719 |
| Other assets..... | 199,800 | 233,605 |
| Total assets..... | <u>\$2,100,730</u> | <u>\$1,708,473</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$732,206 | \$82,785 |
| Other liabilities..... | - | - |
| Net worth (capital and reserves)..... | <u>1,368,524</u> | <u>1,625,688</u> |
| Total liabilities and net worth..... | <u>\$2,100,730</u> | <u>\$1,708,473</u> |

As of June 30, 1945, 79 percent of the net worth had been retained out of savings. The balance had been accumulated through the sale of stock or from membership fees.

The F.C.X. and Southern States Cooperative, Inc., own Cooperative Feed Mills at Statesville, North Carolina, and manufacture jointly feed and fertilizer at Cooperative Mills in Norfolk and in Roanoke, Virginia, and fertilizer at Cooperative Fertilizer Service in Norfolk, Virginia. The F.C.X. investment in these facilities on June 30, 1945 amounted to \$181,901. The F.C.X. also owns 9 seed-cleaning plants and 34 general delivery trucks.

At the close of the 1945 fiscal year the F.C.X. had 251 employees, 55 engaged in general administration, 176 in retail distribution, and 20 in wholesale distribution.

MIDLAND COOPERATIVE WHOLESALE

The Midland Cooperative Wholesale, with headquarters at Minneapolis, Minnesota, was organized on September 8, 1926. At the end of its operating year, December 31, 1945, it was serving 383 member associations with 268,100 patrons, 92 percent of whom were farmers, and 104 non-member associations with 72,800 patrons, 90 percent of whom were farmers. The association operates throughout all Minnesota except the northeastern quarter, all of Wisconsin except the extreme north and northwest, in northern Iowa, and the extreme eastern part of the Dakotas.

The wholesale supply sales of the Midland Cooperative Wholesale were distributed during 1944 and 1945 in the following way:

| | <u>1944</u> | <u>1945</u> |
|------------------------------------|---------------------|---------------------|
| Feed, flour, and middlings..... | \$722,668 | \$1,200,550 |
| Fertilizer..... | 264,415 | 343,712 |
| Seed..... | 269,886 | 375,469 |
| Gas, oil, and grease..... | 6,337,440 | 6,480,377 |
| Tires, tubes, and accessories..... | 512,254 | 661,728 |
| Farm machinery..... | 54,525 | 87,605 |
| Equipment..... | 58,753 | 86,061 |
| Steel products..... | 153,450 | 166,451 |
| Lumber, paint, etc..... | 116,360 | 119,819 |
| Insecticides..... | 28,818 | 25,955 |
| Electrical equipment..... | 673,832 | 762,353 |
| Twine..... | - | - |
| Coal..... | 68,912 | 70,918 |
| Groceries and dry goods..... | 736,738 | 877,494 |
| Hardware..... | 162,277 | 209,158 |
| Miscellaneous..... | 16,135 | 8,496 |
| Total wholesale supply sales..... | <u>\$10,176,463</u> | <u>\$11,476,146</u> |

The total net savings on these sales (after income tax) amounted to \$817,175 in 1944 and \$686,072 in 1945. These savings were distributed in the following manner:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$26,883 | \$40,265 |
| Patronage refunds in capital stock..... | 706,545 | 574,167 |
| Retained in allocated surplus..... | 83,747 | 71,640 |
| Total net savings after all income taxes, Federal and State..... | <u>\$817,175</u> | <u>\$686,072</u> |

The financial condition of the Midland Cooperative Wholesale as of December 31, for 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,849,689 | \$2,357,097 |
| Fixed assets..... | 956,804 | 1,028,889 |
| Other assets..... | 832,535 | 1,365,686 |
| Total assets..... | <u>\$3,639,028</u> | <u>\$4,751,672</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$740,549 | \$1,434,682 |
| Other liabilities..... | 816,513 | 590,463 |
| Net worth (capital and reserves)..... | 2,081,966 | 2,726,527 |
| Total liabilities and net worth..... | <u>\$3,639,028</u> | <u>\$4,751,672</u> |

Of the net worth, 88 percent represented retained savings while 12 percent was accumulated from the sale of stock.

On December 31, 1945, the Midland Cooperative Wholesale owned and operated the following principal facilities:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|--|--|--------------------|------------------------------|
| Refinery (complete)..... | 1 | \$809,555 | \$629,687 |
| Oil blending plants and bulk petroleum plants and warehouses..... | 2 | 394,355 | 289,348 |
| Transport trucks and trailers..... | 5 | 26,117 | 16,032 |
| Feed mill..... | 1 | 65,875 | 58,660 |
| Other properties..... | 1 | 36,819 | 35,162 |
| Total operating facilities..... | | <u>\$1,332,721</u> | <u>\$1,028,889</u> |

Investments by Midland in other production and operating facilities jointly with other cooperatives:

| <u>Type</u> | <u>Amount invested</u> |
|--|----------------------------|
| Fertilizer, feed, seed..... | \$360,192 |
| Shingle mill and timber..... | 19,727 |
| Refinery and pipe line..... | 713,198 |
| Farm machinery factories..... | 51,564 |
| Soybean mill..... | 16,727 |
| National Cooperatives, Inc. (including milking machine and chemical factories)..... | 163,328 |
| Miscellaneous..... | 27,628 |
| Total..... | <u>\$1,352,364</u> |

At the close of the 1945 operating season, the Midland Cooperative Wholesale had 216 employees engaged in general administration and wholesale distribution, and 120 in production.

THE M. F. A. MILLING COMPANY

The M.F.A. Milling Company, with headquarters at Springfield, Missouri, was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year, June 30, 1945, it was serving 107 local M.F.A. farmers cooperative exchanges with 50,000 farmer members. The M.F.A. Milling Company, the largest wholesale purchasing association affiliated with the Missouri Farmers Association, is owned by local M.F.A. cooperatives in south Missouri. The local cooperatives, in turn, are owned by the M.F.A. members which the local cooperatives serve. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan and is financed by patrons' equities. Half of the board of directors is named by the local cooperatives it serves, and which constitute its membership, and the other half is named by the State Board of the Missouri Farmers Association. The M.F.A. Milling Company has a service area which comprises the southern two-fifths of Missouri.

The wholesale supply sales of the M.F.A. Milling Company were distributed as follows during the year ending June 30 for 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|----------------------------|---------------------|---------------------|
| Feed..... | \$10,978,421 | \$9,507,450 |
| Seed..... | 296,040 | 340,751 |
| Wire..... | 104,524 | 140,957 |
| Twine..... | 28,836 | 23,529 |
| Paint..... | - | 17,919 |
| Total wholesale sales..... | <u>\$11,407,821</u> | <u>\$10,030,606</u> |

The total net savings amounted to \$483,246 in 1944 and \$329,622 in 1945.

The financial condition of the M.F.A. Milling Company as of June 30, 1944 and 1945 was as follows:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,409,027 | \$980,929 |
| Fixed assets..... | 357,374 | 370,450 |
| Other assets..... | 50,150 | 41,864 |
| Total assets..... | <u>\$1,816,551</u> | <u>\$1,393,243</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$509,762 | \$15,188 |
| Other liabilities..... | 8,187 | -330 |
| Net worth..... | <u>1,298,602</u> | <u>1,378,385</u> |
| Total liabilities and net worth..... | <u>\$1,816,551</u> | <u>\$1,393,243</u> |

All of the net worth on June 30, 1945, represented savings which have been retained under a revolving fund plan of financing.

On June 30, 1945, the operating facilities of the M.F.A. Milling Company consisted of the following:

| <u>Type</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|--|-------------------|--------------------------|
| Trucks, semi-trailers, and service costs..... | \$14,498 | \$14,217 |
| Mill buildings, machinery, and equipment..... | <u>544,734</u> | <u>203,465</u> |
| Total..... | <u>\$559,232</u> | <u>\$217,682</u> |

The M.F.A. Milling Company, as of June 1945, had 210 employees of whom 170 were employed at Springfield and 40 at Aurora. Of the total 210 employees, 6 were classified as being in general administration, 12 in sales and service, and 192 in manufacturing and processing.

FARM BUREAU SERVICES, INC.

Farm Bureau Services, Inc., with headquarters at Lansing, Michigan, was organized on October 25, 1929, to provide a cooperative wholesale farm supply service for farmers' cooperative associations in Michigan. At the end of its fiscal year, August 31, 1945, this organization provided supply service to some 100,000 patrons through 128 member associations, 38 nonmember associations, and 200 private dealer-outlets.¹ Farmers represented approximately 90 percent of the patrons of these retail outlets.

Wholesale sales of Farm Bureau Services, Inc., were distributed by commodities as follows for the fiscal years ending August 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Feed..... | \$2,292,257 | \$2,278,188 |
| Fertilizer..... | 879,281 | 918,480 |
| Seed..... | 742,544 | 691,421 |
| Petroleum products..... | 850,648 | 942,304 |
| Tires, tubes, and accessories..... | 25,598 | 24,537 |
| Steel products..... | 484,058 | 627,047 |
| Lumber, paint, and other maintenance equipment | 57,061 | 69,933 |
| Insecticides..... | 181,979 | 215,549 |
| Machinery, electrical equipment, and appliances | 515,392 | 995,794 |
| Binder twine..... | 50,969 | In machinery |
| Coal..... | 128,924 | 99,903 |
| Total wholesale sales..... | <u>\$6,208,711</u> | <u>\$6,863,156</u> |

In addition to the wholesale supply sales, the value of supplies distributed direct to consumers, through nine branch retail outlets amounted to \$1,937,768 in 1944 and \$1,730,492 in 1945.

While Farm Bureau Services, Inc., is primarily a cooperative purchasing association, it also marketed farm products during the years ending August 31, 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|-------------------------|----------------------|------------------|
| Grain..... | \$237,266 | \$364,071 |
| Beans and potatoes..... | ² 340,296 | 179,535 |
| Eggs and poultry..... | 104,122 | 92,636 |
| Total..... | <u>\$681,684</u> | <u>\$636,242</u> |

The total net savings of the organization for the fiscal years 1944 and 1945 were as follows:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------|------------------|------------------|
| On wholesale supply sales..... | \$252,546 | \$298,527 |
| On retail supply sales..... | 47,307 | 23,167 |
| On marketing sales..... | 16,619 | 8,584 |
| Total..... | <u>\$316,472</u> | <u>\$330,278</u> |

¹Thirteen of the member-associations were managed by Farm Bureau Services, Inc., under "Management Contracts."

²Includes approximately \$174,000, value of beans handled on commission basis.

These savings were distributed as follows:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$22,258 | \$30,139 |
| Patronage refunds in capital stock..... | 294,214 | 300,139 |
| Total..... | <u>\$316,472</u> | <u>\$330,278</u> |

The financial condition of Farm Bureau Services, Inc., as of August 31, 1944 and 1945, is shown by the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,037,031 | \$1,196,523 |
| Fixed assets..... | 234,338 | 346,616 |
| Other assets..... | 266,886 | 293,134 |
| Total assets..... | <u>\$1,538,255</u> | <u>\$1,836,273</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$260,881 | \$307,014 |
| Fixed indebtedness..... | 71,351 | - |
| Net worth (capital and reserves)..... | <u>1,206,023</u> | <u>1,329,259</u> |
| Total liabilities and net worth..... | <u>\$1,538,255</u> | <u>\$1,836,273</u> |

The net worth, as of August 31, 1945, largely represented retained savings, only 13 percent having been accumulated through sale of stock and membership fees.

Information on the type and value of principal operating facilities owned by the Farm Bureau Services, Inc., as of August 31, 1945, is here given:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---|--|-------------------|------------------------------|
| Wholesale farm supply warehouse..... | 5 | \$182,325 | \$166,210 |
| Seed cleaning plant..... | 1 | 49,486 | 41,551 |
| Retail farm supply branches..... | 7 | 128,883 | 79,017 |
| General delivery truck..... | 24 | 22,854 | 7,505 |
| Bulk petroleum plants ¹ | 2 | 7,336 | 4,434 |
| Supply stores and elevators ¹ | 1 | 17,893 | 7,917 |
| Office and other equipment..... | | 17,386 | 6,413 |
| Transportation department truck and trailer..... | 8 | 23,127 | 13,085 |
| Transportation department equipment... | | | |
| Bulk petroleum plant..... | 1 | 5,657 | 5,484 |
| Vacant property for future expansion..... | 1 | 15,000 | 15,000 |
| Total value..... | | <u>\$469,947</u> | <u>\$346,616</u> |

¹Leased to local associations managed by Farm Bureau Services, Inc.

At the end of the fiscal year, August 31, 1945, Farm Bureau Services, Inc., had 237 employees who can be classified as follows:

| | | |
|-----|--|-----|
| (a) | In general administration..... | 31 |
| (b) | In manufacturing and processing (seed)..... | 7 |
| (c) | In wholesale distribution..... | 52 |
| (d) | In retail distribution..... | 100 |
| (e) | In contractual service for affiliated Michigan Farm Bureau..... | 47 |

PENNSYLVANIA FARM BUREAU COOPERATIVE ASSOCIATION

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pennsylvania, was organized in 1934. At the close of 1945, it was serving 27 member associations with 80,000 patrons, of whom 90 percent were farmers. Its service area comprises 53 counties in the State of Pennsylvania.

The wholesale supply sales of the Pennsylvania Farm Bureau Cooperative Association were distributed as follows for the years ending December 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Feed..... | \$3,780,896 | \$4,207,886 |
| Fertilizer..... | 819,127 | 921,981 |
| Seed..... | 868,021 | 809,494 |
| Gas, oil, and grease..... | 2,248,121 | 2,123,053 |
| Tires, tubes, and other accessories..... | 80,335 | 42,341 |
| Farm machinery..... | 684 | - |
| Farm equipment..... | 159,813 | 380,026 |
| Steel products..... | 68,017 | 54,809 |
| Lumber, paint, and other maintenance equipment..... | 80,642 | 92,325 |
| Insecticides..... | 113,302 | 118,506 |
| Electrical equipment and appliances..... | 12,361 | 11,140 |
| Twine..... | 47,822 | 57,934 |
| Miscellaneous..... | 39,311 | 304,605 |
| Total wholesale supply sales..... | <u>\$8,318,452</u> | <u>\$9,124,100</u> |

The net savings on these sales amounted to \$337,573 in 1944 and \$237,508 in 1945. The distribution of the savings was as follows:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$34,165 | \$46,429 |
| Patronage refunds in capital stock..... | 209,834 | 136,556 |
| Retained in reserves..... | 93,574 | 54,523 |
| Total net savings..... | <u>\$337,573</u> | <u>\$237,508</u> |

The financial condition of the Pennsylvania Farm Bureau Cooperative Association, as of December 31, 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$928,849 | \$1,055,053 |
| Fixed assets..... | 347,015 | 364,475 |
| Other assets..... | <u>446,277</u> | <u>453,105</u> |
| Total assets..... | <u>\$1,722,141</u> | <u>\$1,872,633</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$146,343 | \$184,736 |
| Other liabilities..... | 76,000 | 4,365 |
| Net worth (capital and reserves)..... | <u>1,499,798</u> | <u>1,683,532</u> |
| Total liabilities and net worth..... | <u>\$1,722,141</u> | <u>\$1,872,633</u> |

As of December 31, 1945, 28 percent of the net worth had been accumulated through the sale of stock, while 72 percent was retained savings.

The principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consist of the following:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Depreciated value</u> |
|--------------------------------------|--|------------------------------|
| Feed mill..... | 1 | \$84,333 |
| Seed cleaning plant..... | 1 | 93,256 |
| Wholesale farm supply warehouse..... | 2 | 22,877 |
| Office building..... | 1 | 47,783 |
| Transport trucks..... | 15 | 24,176 |
| Dust plant..... | 1 | <u>10,483</u> |
| Total value of facilities..... | | <u>\$282,908</u> |

In addition to the above, the association held investments of \$525,647 in facilities jointly owned with other cooperative associations.

At the close of 1945 the association had 164 employees. Of these 103 were engaged in general administration, 50 in manufacturing and processing, and 11 in wholesale distribution.

PACIFIC SUPPLY COOPERATIVE

The Pacific Supply Cooperative, with headquarters at Walla Walla, Washington, was organized December 19, 1933. At the close of its operating year, December 31, 1945, it was serving 101 member cooperative associations in Oregon, Washington, Idaho, and northwest Wyoming, with 50,000 patrons, 95 percent of whom were farmers. It also served 40 non-member associations with 10,000 patrons, of whom 50 percent were farmers.

The wholesale supply sales of the Pacific Supply Cooperative were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--|--------------------|--------------------|
| Fertilizer..... | \$281,984 | \$270,830 |
| Feed..... | 1,969,433 | 2,042,638 |
| Seed..... | 617,487 | 743,033 |
| Gas, oil, grease, and fuel oil..... | 2,958,192 | 3,213,567 |
| Tires, tubes, and other accessories..... | 175,496 | 251,735 |
| Farm machinery and parts..... | 21,775 | 116,856 |
| Steel products..... | 147,122 | 180,630 |
| Lumber, paint, and other maintenance equipment.. | 117,602 | 120,717 |
| Insecticides..... | 244,570 | 314,350 |
| Electrical equipment and appliances..... | 23,310 | 40,068 |
| Twine..... | 19,781 | 24,765 |
| Coal..... | 29,645 | 59,610 |
| Hardware..... | 295,374 | 320,228 |
| Transport income..... | 155,331 | 165,409 |
| Miscellaneous..... | 33,481 | 38,639 |
| Total wholesale supply sales ¹ | <u>\$7,090,583</u> | <u>\$7,903,075</u> |

Total net savings amounted to \$413,332 in 1944 and \$450,096 in 1945. The distribution of these savings was made in the following manner:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Patronage refunds in certificates of indebtedness..... | \$282,882 | \$359,913 |
| Retained in reserves..... | 130,100 | 89,978 |
| Other..... | 350 | 205 |
| Total net savings..... | <u>\$413,332</u> | <u>\$450,096</u> |

The financial condition of the Pacific Supply Cooperative as of December 31, 1944, and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$1,480,247 | \$1,635,323 |
| Facilities and investments..... | 519,508 | 590,963 |
| Other assets..... | 46,171 | 96,359 |
| Total assets..... | <u>\$2,045,926</u> | <u>\$2,322,645</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$415,760 | \$390,539 |
| Other liabilities..... | 501 | 489 |
| Net worth (capital and reserves)..... | 1,629,665 | 1,931,617 |
| Total liabilities and net worth..... | <u>\$2,045,926</u> | <u>\$2,322,645</u> |

¹Includes a small volume of retail sales.

Practically all of the net worth, as shown on December 31, 1945, represented retained savings.

On December 31, 1945, the Pacific Supply Cooperative owned and operated these principal facilities:

| <u>Type</u> | <u>Number of plants or units</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|---------------------------------------|--|-------------------|------------------------------|
| Wholesale farm supply warehouses..... | 4 | \$100,050 | \$77,857 |
| Seed and feed plants..... | 3 | 193,922 | 172,406 |
| Chemical plants..... | 1 | 100,414 | 98,214 |
| Transport trucks..... | 6 | 64,281 | 14,528 |
| Total value..... | | <u>\$458,667</u> | <u>\$363,005</u> |

In addition to the above, the association held investments of \$181,734.94 in facilities jointly owned with other cooperative associations.

At the close of 1945, the Pacific Supply Cooperative had 125 employees, 37 of whom were engaged in general administration, and 88 in wholesale distribution.

CENTRAL CO-OPERATIVE WHOLESALE

The Central Co-operative Wholesale (C.C.W.), with headquarters at Superior, Wisconsin, was organized on September 15, 1917. At the close of its operating year, December 31, 1945, it was serving 164 member and 64 nonmember cooperative associations in northern Michigan, northern Wisconsin, northern Minnesota, and eastern North Dakota. These cooperative outlets served 60,000 patrons, 80 percent of whom were farmers.

The wholesale supply sales of the C.C.W. were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Feed..... | \$2,054,816 | \$2,292,814 |
| Seed..... | 72,181 | 64,197 |
| Gas, oil, and grease..... | 474,695 | 523,324 |
| Tires, tubes, and other accessories..... | 157,441 | 216,254 |
| Steel products..... | 60,343 | 79,950 |
| Lumber, paints, and other maintenance equipment. | 260,447 | 321,380 |
| Insecticides..... | 8,735 | 10,499 |
| Electrical equipment and appliances..... | 45,639 | 53,816 |
| Farm machinery, parts, and miscellaneous hardware | 397,326 | 543,364 |
| Twine..... | 14,990 | 11,561 |
| Coal..... | 101,380 | 111,018 |
| Groceries..... | 1,479,389 | 1,561,848 |
| Fresh fruits and vegetables..... | 166,779 | 177,333 |
| Bakery products..... | 204,305 | 217,465 |
| Coffee..... | 134,611 | 134,577 |
| Clothing..... | 499,667 | 373,597 |
| Total wholesale sales..... | <u>\$6,132,744</u> | <u>\$6,692,997</u> |

The total net savings on these sales amounted to \$136,047 in 1944 and \$192,079 in 1945. These savings were distributed as follows:

| | <u>1944</u> | <u>1945</u> |
|-----------------------------------|------------------|------------------|
| Patronage refunds paid in capital | | |
| stock shares..... | \$114,972 | \$167,383 |
| Percent interest on capital | | |
| stock..... | <u>21,075</u> | <u>24,696</u> |
| Total net savings..... | <u>\$136,047</u> | <u>\$192,079</u> |

The financial condition of the C.C.W. on December 31, for 1944 and 1945 is shown in the following statement:

| | <u>1944</u> | <u>1945</u> |
|--------------------------------------|--------------------|--------------------|
| Assets: | | |
| Current assets..... | \$693,688 | \$784,570 |
| Fixed assets..... | 248,390 | 284,481 |
| Other assets..... | <u>260,067</u> | <u>323,898</u> |
| Total assets..... | <u>\$1,202,145</u> | <u>\$1,392,949</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$277,312 | \$307,674 |
| Net worth (capital and | | |
| reserves)..... | <u>924,833</u> | <u>1,085,275</u> |
| Total liabilities and net worth..... | <u>\$1,202,145</u> | <u>\$1,392,949</u> |

Of the net worth, 97 percent represented retained savings, while 3 percent was accumulated through the sale of stock.

On December 31, 1945, the principal operating facilities owned and operated by the C.C.W. consisted of the following:

| <u>Type</u> | <u>Cost value</u> | <u>Depreciated value</u> |
|------------------------------|-------------------|--------------------------|
| Feed mills..... | \$119,728 | \$78,658 |
| Coffee roastery..... | 13,904 | 650 |
| General delivery trucks..... | 69,083 | 27,546 |
| Office and warehouse | | |
| buildings..... | 205,969 | 153,157 |
| Office and printing | | |
| building..... | 24,505 | 3,989 |
| Bakery plant..... | <u>63,905</u> | <u>20,481</u> |
| Total..... | <u>\$497,094</u> | <u>\$284,481</u> |

At the close of 1945 the C.C.W. had 186 employees, 45 of whom were engaged in general administration, 61 in manufacturing and processing, and 80 in wholesale distribution.

CONSUMERS COOPERATIVES ASSOCIATED

Consumers Cooperatives Associated, with headquarters at Amarillo, Texas, was organized in 1930. At the end of its operating year, December 31, 1945, it was serving 125 member associations with approximately 50,000 patrons, 90 percent of whom were farmers. The association operates throughout Texas and New Mexico, and in the southern part of Colorado, and the western part of Oklahoma.

The wholesale supply sales of the association were as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Gas, oil, and grease..... | \$1,815,758 | \$4,220,026 |
| Tires, tubes, and auto accessories..... | 285,563 | 444,424 |
| Feed, salt, and grain..... | 237,598 | 320,550 |
| Electrical equipment and farm and home supplies..... | 226,483 | 268,375 |
| Machinery and equipment..... | 25,152 | 17,752 |
| Miscellaneous..... | 3,673 | 6,792 |
| Total..... | <u>\$2,594,227</u> | <u>\$5,277,919</u> |

The total net savings on these sales amounted to \$76,234 in 1944 and to \$235,346 in 1945. These savings were distributed in the following manner:

| | <u>1944</u> | <u>1945</u> |
|---|-----------------|------------------|
| Cash dividends on stock..... | \$4,439 | \$23,055 |
| Patronage refunds paid in cash..... | 6,146 | 0 |
| Patronage refunds in capital stock and equities..... | 65,649 | 212,291 |
| Total..... | <u>\$76,234</u> | <u>\$235,346</u> |

The financial condition of Consumers Cooperatives Associated as of December 31, 1944 and 1945, is shown by the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|----------------------------|------------------|--------------------|
| Assets: | | |
| Current assets..... | \$311,209 | \$968,141 |
| Fixed assets..... | 126,966 | 801,006 |
| Other assets..... | 60,124 | 118,014 |
| Total..... | <u>\$498,299</u> | <u>\$1,887,161</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$166,870 | \$578,837 |
| Other liabilities..... | 55,158 | 445,541 |
| Net worth..... | 276,271 | 862,783 |
| Total..... | <u>\$498,299</u> | <u>\$1,887,161</u> |

Fifty-nine percent of the net worth was accumulated through the sale of stock, 10 percent through membership fees, and 31 percent retained savings.

The association has two branch warehouses located at Dallas and Edroy, Texas. A modern grain drying plant and feed mill are operated in connection with the Edroy warehouse.

On December 31, 1945, the association had 45 employees, of whom 20 were engaged in general administration and 25 in manufacturing, processing, and wholesale distribution.

FARMERS UNION STATE EXCHANGE

The Farmers Union State Exchange, with headquarters at Omaha, Nebraska, was organized in 1914. At the end of its operating year, December 31, 1945, it was serving 343 member associations with 50,000 patrons, of whom 98 percent were farmers. Through 10 private dealers it also reached 1,000 patrons, of whom 98 percent were farmers. The Exchange operates in the State of Nebraska and in nearby sections of Wyoming and Iowa.

The wholesale supply sales of the Farmers Union State Exchange were distributed during 1944 and 1945 as follows:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|--------------------|--------------------|
| Feed..... | \$94,841 | \$106,973 |
| Seed..... | 23,133 | 15,586 |
| Gas, oil, and grease..... | 1,466,323 | 1,788,996 |
| Tires, tubes, and other accessories..... | 37,610 | 38,819 |
| Farm equipment and hardware..... | 182,886 | 320,451 |
| Steel products..... | 86,587 | |
| Paint..... | 30,113 | 22,729 |
| Twine..... | 15,212 | 29,286 |
| Coal..... | 75,829 | 63,694 |
| Groceries..... | 155,156 | 142,819 |
| Clothing..... | 66,606 | 56,725 |
| Produce..... | 182,495 | 173,487 |
| Stationery..... | 4,845 | - |
| Miscellaneous..... | 49,891 | 25,513 |
| Truck income..... | 80,926 | 84,800 |
| Total wholesale supply sales..... | <u>\$2,552,453</u> | <u>\$2,869,878</u> |

The Farmers Union State Exchange also had retail sales of \$1,112,785 in 1944 and \$1,146,606 in 1945.

The total net savings from all operations amounted to \$201,980 in 1944 and \$229,690 in 1945. The distribution of these savings was as follows:

| | <u>1944</u> | <u>1945</u> |
|---|------------------|------------------|
| Cash dividends on stock..... | \$13,614 | \$15,307 |
| Cash patronage refunds..... | 57,604 | 71,217 |
| Patronage refunds in capital stock..... | 48,232 | 57,258 |
| Patronage refunds allocated..... | 63,358 | 66,659 |
| Retained in reserves..... | <u>19,172</u> | <u>19,249</u> |
| Total net savings..... | <u>\$201,980</u> | <u>\$229,690</u> |

The financial condition of the Farmers Union State Exchange, as of December 31 for 1944 and 1945, is shown in the following condensed financial statement:

| | <u>1944</u> | <u>1945</u> |
|---------------------------------------|------------------|------------------|
| Assets: | | |
| Current assets..... | \$388,506 | \$313,337 |
| Fixed assets..... | 155,793 | 154,083 |
| Other assets..... | <u>304,603</u> | <u>465,403</u> |
| Total assets..... | <u>\$848,902</u> | <u>\$932,823</u> |
| Liabilities and net worth: | | |
| Current liabilities..... | \$26,517 | \$15,521 |
| Other liabilities..... | 185,904 | 333,476 |
| Net worth (capital and reserves)..... | <u>636,481</u> | <u>583,826</u> |
| Total liabilities and net worth..... | <u>\$848,902</u> | <u>\$932,823</u> |

As of December 31, 1945, 50 percent of the net worth had been accumulated through the sale of stock, while 50 percent represented retained savings.

The facilities owned and operated by the Exchange on December 31, 1945, consisted of a feed-mixing plant, a seed-cleaning plant, a wholesale farm supply warehouse, 8 retail farm supply stores, 4 bulk petroleum plants, an office building, 9 transport trucks, 3 general delivery trucks, and a produce plant. The Exchange also holds a joint interest with other regional cooperatives in a petroleum refinery, a pipe line, and a machinery company.

At the close of 1945, the Exchange had 155 employees, of whom 45 were engaged in wholesale distribution and 110 in retail distribution.

PART II

COMBINED INFORMATION FOR 18 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDED IN 1944 AND IN 1945

In this section the information presented in Part I for the individual associations is combined and analyzed to show the general character and significance of these 18 major regional farm supply purchasing associations.

AGE OF ORGANIZATIONS

The 18 regional farm supply purchasing cooperatives described in Part I were organized in the following years:

| <u>Year</u> | <u>Number of associations organized during specified year</u> |
|-------------|---|
| 1907..... | 1 |
| 1914..... | 1 |
| 1917..... | 1 |
| 1918..... | 1 |
| 1920..... | 1 |
| 1923..... | 2 |
| 1926..... | 1 |
| 1927..... | 2 |
| 1929..... | 2 |
| 1930..... | 1 |
| 1931..... | 1 |
| 1933..... | 2 |
| 1934..... | 2 |

Only 5 of these associations were in existence by 1920. By 1930 there were 13. The remaining 5 were established early in the 1930's. The average age for the 18 associations was 20 years at the end of 1945..

AREA OF SERVICE

The statements in Part I show that the 18 regional associations render service generally throughout the United States except for a large part of the South. While several regional purchasing associations serve the South and the Southwest, with the exception of Southern States Cooperative which serves Virginia as well as several nearby States, only two, the Farmers Cooperative Exchange, Raleigh, North Carolina, and the Consumers Cooperatives Associated, Amarillo, Texas, did a wholesale supply business in 1945 each in excess of 2-1/2 million dollars.¹ It

¹The two next largest regional farm supply purchasing associations in this area are the Mississippi Federated Cooperatives, Jackson, Mississippi, and the Southwest Cooperative Wholesale, Phoenix, Arizona.

should be clearly understood that a number of other regional purchasing associations also operate in the areas served by these 18 large regional purchasing associations.

TYPE OF RETAIL OUTLET

The 18 major regional farm supply purchasing cooperatives distributed supplies through some 7,039 retail outlets in 1944 and 7,544 in 1945, which can be classified as follows:

| | <u>1944</u> | <u>1945</u> |
|--|-------------|-------------|
| Local cooperative "member" associations..... | 2,954 | 3,297 |
| Local cooperative "nonmember" associations..... | 627 | 837 |
| Affiliated cooperative service associations..... | 421 | 495 |
| Private service agencies..... | 1,528 | 1,445 |
| Farmer-representatives..... | 1,509 | 1,470 |

The local cooperative associations listed above are autonomous organizations. The "member" associations hold membership interests in the regional associations while the "nonmember" associations are simply served by the regional associations. The affiliated cooperative service associations are associations or branch outlets which are under the direct management of regional associations. Private service agencies are private concerns which render distribution service for the regional cooperative associations under agreed-upon plans. Similarly, the farmer-representatives are farmers who serve as distribution agents for the regional associations. The individual reports in Part I give more complete information on the character of local service outlets.

NUMBER OF PATRONS SERVED

The 18 regional associations estimated that their various local outlets at the end of their 1945 fiscal year were together serving 2,110,000 farmer patrons and 124,000 nonfarmer patrons, or a total of 2,234,000 patrons.¹ Thus, 94.4 percent of the patrons were farmers, while 5.6 percent were nonfarmers. On the basis of the information furnished by the regional associations, it is estimated that farmer patrons purchased over 95 percent of the supplies distributed through the local outlets of the 18 regional associations.

NUMBER AND TYPE OF EMPLOYEES

According to data in Part I, the 18 regional associations, at the end of the 1945 fiscal year, employed a total of 13,584 persons. Of these, 14 percent were engaged in general administration and 65 percent were engaged in manufacturing, processing, and wholesale distribution. The remaining 21 percent were employed in retail supply distribution or in agricultural marketing work.

¹On the basis of other studies made by the Cooperative Research and Service Division, it is believed that this total considerably overstates the number of actual patrons.

Table 1. - Volume of sales of farm supplies and of farm products marketed by 18 major cooperative purchasing associations for fiscal years ended, 1944 and 1945.

| ASSOCIATION | YEAR ENDING | WHOLESALE SUPPLY SALES | | RETAIL SALES | | FARM PRODUCTS MARKETING | | TOTAL | |
|---|----------------|---------------------------|---------------|---------------------------|--------------|---------------------------|--------------|----------------------------|---------------|
| | | 1944 | 1945 | 1944 | 1945 | 1944 | 1945 | 1944 | 1945 |
| Coop. Grange League Federation Exchange, Inc. | June 30 | ^a \$99,903,957 | \$93,472,854 | ^a \$68,603,664 | \$65,444,980 | ^a \$14,819,899 | \$14,628,613 | ^a \$183,327,520 | \$173,546,447 |
| Southern States Coop., Inc. | June 30 | 41,214,627 | 40,557,608 | ^a 14,063,811 | 14,253,560 | 2,572,349 | 2,445,937 | ^a 57,850,787 | 57,257,105 |
| Eastern States Farmers' Exchange ^b , | Dec. 31 | 53,351,312 | 53,695,846 | - | - | - | - | 53,351,312 | 53,695,846 |
| (Ohio) Farm Bureau Coop. Assn., Inc. | Dec. 31 | 15,850,658 | 17,832,480 | - | - | 5,894,052 | 8,204,167 | 21,744,710 | 28,036,647 |
| Consumers Coop. Assn., Inc. | Aug. 31 | 15,550,606 | 21,934,552 | 305,591 | 326,406 | - | - | 15,856,197 | 22,260,958 |
| Illinois Farm Supply Co. | Aug. 31 | 16,632,391 | 19,337,007 | - | - | - | - | 16,632,391 | 19,337,007 |
| Fruit Growers Supply Co. | Dec. 31 | 16,942,393 | 17,723,853 | - | - | - | - | 16,942,393 | 17,723,853 |
| Indiana Farm Bureau Coop. Assn., Inc. | Dec. 31 | 15,728,824 | 17,209,662 | - | - | - | - | 15,728,824 | 17,209,662 |
| Farmers Union Central Exchange, Inc. | Dec. 31 | 12,300,350 | 14,064,094 | - | - | - | - | 12,300,350 | 14,064,094 |
| Farmers Coop. Exchange, Inc. | June 30 | 6,804,854 | 6,260,818 | 5,843,198 | 5,293,986 | 1,749,512 | 1,130,127 | ^c 14,397,564 | 12,684,931 |
| Midland Coop. Wholesale | Dec. 31 | 10,176,463 | 11,476,146 | - | - | - | - | 10,176,463 | 11,476,146 |
| The M.F.A. Milling Co. | June 30 | 11,407,821 | 10,030,606 | - | - | - | - | 11,407,821 | 10,030,606 |
| Farm Bureau Services, Inc. | Aug. 31 | 6,208,711 | 6,863,156 | ^a 1,937,768 | 1,730,492 | 681,684 | 636,242 | 8,828,163 | 9,229,890 |
| Pennsylvania Farm Bureau Co-operative Assn. | Dec. 31 | 8,318,452 | 9,124,100 | - | - | - | - | 8,318,452 | 9,124,100 |
| Pacific Supply Coop. | Dec. 31 | 7,090,583 | 7,903,075 | - | - | - | - | 7,090,583 | 7,903,075 |
| Central Coop. Wholesale | Dec. 31 | 6,132,744 | 6,692,997 | - | - | - | - | 6,132,744 | 6,692,997 |
| Consumers Coop. Associated | Dec. 31 | 2,594,227 | 5,277,919 | - | - | - | - | 2,594,227 | 5,277,919 |
| Farmers Union State Exch. | Dec. 31 | 2,552,453 | 2,869,878 | 1,112,785 | 1,146,606 | - | - | 3,665,238 | 4,016,484 |
| Total | | \$348,759,426 | \$362,326,655 | \$91,866,817 | \$88,196,030 | \$25,717,496 | \$27,045,086 | \$466,343,739 | \$477,567,767 |

^aRevised by association.

^bIncludes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distributive functions prior to final sale to patrons.

^cChange in audit date.

Table 2. - Wholesale supply sales of 18 major cooperative purchasing associations by types of supplies for fiscal year ended 1945.

| ASSOCIATION | FEED | SEED | FERTILIZER, INSECTI- CIDES | PETROLEUM PRODUCTS AND AUTO ACCESSORIES | FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, STEEL PRODUCTS | COAL AND TWINE | GROCERIES | MISCEL- LANEOUS | TOTAL |
|--|------------------------|------------------------|----------------------------------|--|--|----------------------|-------------|--------------------|---------------|
| Coop. Grange League Fed- eration Exchange, Inc. | \$69,960,252 | \$3,708,180 | \$7,421,749 | \$6,938,793 | \$4,736,079 | \$235,453 | \$39,107 | \$433,241 | \$93,472,854 |
| Eastern States Farmers' Exchange ^b | 47,812,255 | 2,331,129 | 2,882,704 | - | 669,758 | - | - | - | 53,695,846 |
| Southern States Coop., Inc..... | 24,957,607 | 2,864,348 | 6,795,594 | 1,628,688 | - | - | - | 4,311,391 | 40,557,608 |
| Consumers Coop. Assn.... | 1,575,253 | - | 14,708 | 17,822,582 | 863,832 | 127,396 | 1,423,628 | 107,153 | 21,934,552 |
| Illinois Farm Supply Co. | 3,811,902 | - | 804,961 | 11,466,126 | 914,349 | 30,634 | - | 2,309,035 | 19,337,007 |
| (Ohio) Farm Bureau Coop. Assn., Inc..... | 7,278,285 | 1,063,034 | 2,777,656 | 3,511,213 | 1,987,904 | 350,610 | - | 863,778 | 17,832,480 |
| Fruit Growers Supply Co. | - | - | 3,493,708 | 56,749 | 13,915,675 | - | - | 257,721 | 17,723,853 |
| Indiana Farm Bureau Coop. Assn., Inc..... | 2,950,573 | 661,381 | 2,485,694 | 5,123,152 | 4,350,409 | 1,029,410 | - | 609,043 | 17,209,662 |
| Farmers Union Central Exchange, Inc..... | ^c 1,096,977 | - | 21,550 | 10,918,014 | 1,548,889 | 170,284 | 159,103 | 149,277 | 14,084,094 |
| Midland Coop. Wholesale. | 1,200,550 | 375,469 | 369,667 | 7,142,105 | 1,431,447 | 70,918 | 877,494 | 8,496 | 11,476,146 |
| The M.F.A. Milling Co.... | 9,507,450 | 340,751 | - | - | 158,876 | 23,529 | - | - | 10,030,606 |
| Pennsylvania Farm Bureau Co-operative Association..... | 4,207,886 | 809,494 | 1,040,487 | 2,165,394 | 538,300 | 57,934 | - | 304,605 | 9,124,100 |
| Pacific Supply Coop..... | 2,042,638 | 743,033 | 585,180 | 3,465,302 | 778,499 | 84,375 | - | 204,048 | 7,903,075 |
| Farm Bureau Services, Inc..... | 2,278,188 | 691,421 | 1,134,029 | 966,841 | 1,627,774 | 164,903 | - | - | 6,863,156 |
| Central Co-operative Wholesale..... | 2,292,814 | 64,197 | 10,499 | 739,578 | 998,510 | 122,579 | 2,091,223 | 373,597 | 6,692,997 |
| Farmers Coop. Exchange, Inc..... | 3,955,585 | ^e 1,325,624 | 854,804 | - | 124,805 | - | - | - | 6,260,818 |
| Consumers Coop. Associated..... | 320,550 | - | - | 4,664,450 | 286,127 | - | - | 6,792 | 5,277,919 |
| Farmers Union State Exchange..... | 106,973 | 15,586 | - | 1,827,815 | 343,180 | 92,980 | 142,819 | 340,525 | 2,869,878 |
| Total..... | \$185,355,738 | \$14,993,647 | \$30,692,990 | \$78,436,782 | \$35,274,413 | \$2,561,005 | \$4,733,374 | \$10,278,702 | \$362,328,651 |

^a Includes \$163,904 intercompany sales.

^b Sales of Eastern States Farmers' Exchange were reported as purchases by individual patrons. The Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^c Includes some seed, flour, and fertilizer.

^d Includes a small volume of retail sales.

^e Includes some farm supplies.

Table 3. - Wholesale supply sales by 18 major cooperative purchasing associations by percent of business accounted for by types of supplies for fiscal year ended 1945.

| ASSOCIATION | FEED | SEED | FERTILIZER, INSECTI- CIDES | PETROLEUM PRODUCTS AND AUTO ACCESSORIES | FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, STEEL PRODUCTS | COAL AND TWEINE | GROCERIES | MISCEL- LANEOUS | TOTAL |
|---|------------------|-------------------|----------------------------------|--|--|-----------------------|-----------|--------------------|--------------------|
| Coop. Grange League Federation Exchange, Inc.. | 74.8 | 4.0 | 7.9 | 7.4 | 5.1 | .2 | .1 | .5 | ^a 100.0 |
| Eastern States Farmers' Exchange ^b | 89.1 | 4.3 | 5.4 | - | 1.2 | - | - | - | 100.0 |
| Southern States Cooperative, Inc..... | 61.5 | 7.1 | 16.8 | 4.0 | - | - | - | 10.6 | 100.0 |
| Consumers Cooperative Association..... | 7.2 | - | .1 | 81.2 | 3.9 | .6 | 6.5 | .5 | 100.0 |
| Illinois Farm Supply Company..... | 19.7 | - | 4.2 | 59.3 | 4.7 | .2 | - | 11.9 | 100.0 |
| (Ohio) Farm Bureau Cooperative Assn., Inc..... | 40.8 | 6.0 | 15.6 | 19.7 | 11.1 | 2.0 | - | 4.8 | 100.0 |
| Fruit Growers Supply Company..... | - | - | 19.7 | .3 | 78.5 | - | - | 1.5 | 100.0 |
| Indiana Farm Bureau Coop. Assn., Inc..... | 17.2 | 3.8 | 14.4 | 29.8 | 25.3 | 6.0 | - | 3.5 | 100.0 |
| Farmers Union Central Exchange, Inc..... | ^c 7.8 | - | .2 | 77.6 | 11.0 | 1.2 | 1.1 | 1.1 | 100.0 |
| Midland Cooperative Wholesale..... | 10.5 | 3.3 | 3.2 | 62.2 | 12.5 | .6 | 7.6 | .1 | 100.0 |
| The M.F.A. Milling Company..... | 94.8 | 3.4 | - | - | 1.6 | .2 | - | - | 100.0 |
| Pennsylvania Farm Bureau Co-operative Assn.... | 46.1 | 8.9 | 11.4 | 23.8 | 5.9 | .6 | - | 3.3 | 100.0 |
| Pacific Supply Cooperative..... | 25.8 | 9.4 | 7.4 | 43.8 | 9.9 | 1.1 | - | 2.6 | ^d 100.0 |
| Farm Bureau Services, Inc..... | 33.2 | 10.1 | 16.5 | 14.1 | 23.7 | 2.4 | - | - | 100.0 |
| Central Cooperative Wholesale..... | 34.3 | 1.0 | .2 | 11.0 | 14.9 | 1.8 | 31.2 | 5.6 | 100.0 |
| Farmers Cooperative Exchange, Inc..... | 63.2 | ^e 21.2 | 13.6 | - | 2.0 | - | - | - | 100.0 |
| Consumers Cooperatives Associated..... | 6.1 | - | - | 88.4 | 5.4 | - | - | .1 | 100.0 |
| Farmers Union State Exchange..... | 3.7 | .5 | - | 63.7 | 12.0 | 3.2 | 5.0 | 11.9 | 100.0 |
| Total..... | 51.2 | 4.1 | 8.5 | 21.7 | 9.7 | .7 | 1.3 | 2.8 | 100.0 |

^aIncludes a small amount of intercompany sales.

^bSales of Eastern States Farmers' Exchange were reported as purchases by individual patrons. The Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^cIncludes some seed, flour, and fertilizer.

^dIncludes a small volume of retail sales.

^eIncludes some farm supplies.

VOLUME OF BUSINESS

Combined business of the 18 regional associations, which is the value of supplies sold at wholesale and retail plus the value of farm products marketed, amounted to \$477,567,767 for the fiscal year ended in 1945, while the comparable volume for the similar period ending in 1944 was \$466,343,739. The outstanding position in sales volume of the Cooperative Grange League Federation Exchange, Inc., is shown in table 1. Twelve of the 18 associations each had volume of more than 10 million dollars. The combined purchasing and marketing sales of these 12 associations for their 1945 fiscal years amounted to \$453,323,302.

Table 4. - Combined wholesale supply sales of 18 major cooperative purchasing associations for fiscal years ended 1944 and 1945.

| Commodity | 1944 | 1945 | Percentage increase or decrease |
|--|----------------------------|----------------------------|---------------------------------|
| Feed..... | \$191,212,710 | \$185,355,738 | -3.1 |
| Gas, oil, and grease..... | 60,876,004 | 73,574,357 | +20.8 |
| Fertilizer..... | 23,976,170 | 26,527,323 | +10.6 |
| Package material, drums, containers..... | 14,552,519 | 15,299,002 | +5.1 |
| Seed..... | 14,420,902 | 14,993,647 | +4.0 |
| Farm machinery and equipment... | 5,194,988 | 7,687,489 | +48.0 |
| Lumber, paint, and maintenance material..... | 5,520,270 | 5,271,295 | -4.5 |
| Steel products..... | 4,924,303 | 4,908,725 | -0.3 |
| Tires, tubes, and auto accessories..... | 3,787,664 | 4,862,425 | +28.4 |
| Groceries..... | 4,621,246 | 4,733,374 | +2.4 |
| Insecticides..... | 3,824,374 | 4,165,667 | +8.9 |
| Electrical equipment..... | 1,837,444 | 2,107,902 | +14.7 |
| Coal..... | 1,559,892 | 1,708,350 | +9.5 |
| Twine..... | 643,529 | 852,655 | +32.5 |
| Miscellaneous ^a | 11,807,411 | 10,278,702 | -13.0 |
| Total wholesales supply sales..... | ^b \$348,759,426 | ^c \$362,326,651 | +3.9 |

^aIncludes a small amount of a few of the itemized commodities that had not been shown separately by some of the associations.

^bIncludes \$209,804 intercompany sales.

^cIncludes \$163,904 intercompany sales.

TYPES OF SUPPLIES HANDLED

The relative significance of the various supplies distributed at wholesale¹ by the 18 regional associations for their fiscal years ending in 1944 is shown in tables 2 and 3. Feed predominated in the volume of 9 of the associations while petroleum products and related supplies

¹The volume of the Eastern States Farmers' Exchange is broken down on the basis of purchases by individual patrons since the Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

predominated in the volume of 8 of the associations (table 3). Packaging material represented the bulk of the volume of the Fruit Growers Supply Company which renders a cooperative purchasing service for the citrus growers of Southern California. For the 18 associations combined, feed represented 51.2 percent of the wholesale sales volume, petroleum products and auto accessories 21.7 percent, and fertilizer and insecticides 8.5 percent.

Table 4 shows the relative significance of the combined total of the various supplies distributed at wholesale by the 18 regional associations for their fiscal years ended in 1944 and in 1945. Total distribution of all supplies in 1945 showed only 3.9 percent increase over that in 1944. It is of interest that feed volume decreased by \$5,856,972, or 3.1 percent. Gas, oil, and grease increased \$12,698,353, or 20.8 percent; farm machinery and equipment increased \$2,492,501, or 48 percent; tires, tubes, and auto accessories increased \$1,074,761, or 28.4 percent; and twine increased \$209,126, or 32.5 percent. Less substantial gains are shown by fertilizer, of \$547,458, or 10.6 percent, and by electrical equipment, of \$547,458, or 14.7 percent. On the other hand, lumber, paint, and maintenance material decreased 4.5 percent, whereas steel products decreased 0.3 of one percent.

DISTRIBUTION OF SAVINGS

The amount and distribution of combined savings for the 18 associations for their fiscal years ended in 1944 and 1945 are shown in table 5. Total savings decreased from \$23,433,440 in 1944 to \$17,791,757 in 1945, or 24.1 percent. Savings returned to patrons in cash patronage refunds decreased 24.2 percent, while the amount of savings returned as patronage refunds in the form of capital stock, certificates of equity, or other equity holdings decreased 20.8 percent. Cash dividends applied on stock increased 42.1 percent, whereas the amount of savings retained in reserves decreased 40.4 percent. As a group, these regional associations decreased their reserves over the preceding year 24.1 percent.

Table 5. - Distribution of combined net savings of 18 major cooperative purchasing associations for fiscal years, 1944 and 1945.

| Item | ^a 1944 | 1945 | Percentage increase or decrease |
|---|-------------------|--------------|---------------------------------|
| Cash patronage refunds..... | \$9,913,282 | \$7,510,744 | -24.2 |
| Deferred patronage refunds ^b | 7,132,810 | 5,647,993 | -20.8 |
| Cash dividends on stock..... | 1,001,188 | 1,422,417 | +42.1 |
| Retained in reserves..... | 5,386,160 | 3,210,603 | -40.4 |
| Total..... | \$23,433,440 | \$17,791,757 | -24.1 |

^aRevised figure.

^bEvidenced by capital stock, certificates of equity, or other equity holdings.

FINANCIAL CONDITION

The financial condition of the 18 associations as a group at the close of their fiscal years in 1944 and 1945 are given in table 6.

Table 6. - Consolidated financial statements for 18 major cooperative purchasing associations, at the close of their fiscal years, 1944 and 1945.

| Item | ^a 1944 | | 1945 | |
|---|-------------------|-----------------------------|---------------|-----------------------------|
| | Amount | Percent- age of total | Amount | Percent- age of total |
| Assets: | | | | |
| Current assets..... | \$66,305,472 | 66.2 | \$71,397,874 | 58.0 |
| Fixed assets..... | 23,633,069 | 23.6 | 37,273,391 | 30.3 |
| Other assets..... | 10,233,071 | 10.2 | 14,331,904 | 11.7 |
| Total assets..... | \$100,171,612 | 100.0 | \$123,003,169 | 100.0 |
| Liabilities and members' equities: | | | | |
| Current liabilities..... | \$22,453,953 | 22.4 | \$31,579,525 | 25.7 |
| Other liabilities..... | 12,909,800 | 12.9 | 15,314,692 | 12.4 |
| Members' equities (capital and reserves)..... | 64,807,859 | 64.7 | 76,108,952 | 61.9 |
| Total liabilities and members' equities..... | \$100,171,612 | 100.0 | \$123,003,169 | 100.0 |

^aRevised.

It is of interest that the combined total assets increased from \$100,171,612 in 1944 to \$123,003,169 in 1945, or 22.8 percent, while the members' equities increased from \$64,807,859 to \$76,108,952, or 17.4 percent. At the end of their 1945 fiscal years the 18 associations had members' equities equal to 61.9 percent of their total assets as compared with 64.7 percent for the preceding period.

The 18 associations combined had \$2.26 in current assets for each \$1 in current liabilities at the end of their 1945 fiscal years as compared with a current ratio of \$2.95 to \$1 for the preceding year.

The ratios of members' equity to total assets and the ratio of current assets to current liabilities show that these associations as a group maintained approximately the same financial position during their fiscal years ended in 1945, as in 1944.

APPENDIX A

**VALUE OF SUPPLIES DISTRIBUTED BY THREE MAJOR REGIONAL
MARKETING-PURCHASING COOPERATIVES FOR FISCAL YEARS
ENDING IN 1944 AND 1945**

The three regional marketing-purchasing associations which distribute the largest amounts of farm supplies are the Washington Cooperative Farmers Association,¹ the Poultry Producers of Central California, and the Utah Poultry Producers Cooperative Association. All of these associations are centralized organizations with distribution being direct to farmers through local branches maintained by each association. Sales are thus expressed in terms of amounts paid by farmers for supplies.

The value of feed and other farm supplies distributed to its members by the Washington Cooperative Farmers Association of Seattle, Washington, was as follows for the years ending December 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|---|---------------------|---------------------|
| Feed..... | \$13,530,132 | \$13,764,630 |
| Seeds..... | 197,869 | 199,533 |
| Fertilizer..... | 153,222 | 191,739 |
| Petroleum..... | 1,131,333 | 1,326,901 |
| Other farm supplies, such as paints, automotive supplies, steel products, roofing, etc..... | 392,091 | 477,394 |
| Total..... | <u>\$15,404,647</u> | <u>\$15,960,197</u> |

Net savings to members on supply operations amounted to \$752,554 in 1944 and \$1,173,605 in 1945, after paying \$119,847 in 1944 and \$145,080 in 1945 in 6 percent dividends on capital stock and 4 percent interest on Finance Fund Certificates for financing supply operations.

The Poultry Producers of Central California with headquarters in San Francisco had farm supply sales as follows for the fiscal years ending December 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--------------------|---------------------|---------------------|
| Feed..... | \$17,697,244 | \$18,796,923 |
| Supplies..... | 248,455 | 427,229 |
| Gasoline..... | 290,014 | 326,108 |
| Total..... | <u>\$18,235,713</u> | <u>\$19,550,260</u> |

¹In February 1945, the Washington Cooperative Egg & Poultry Association adopted the name Washington Cooperative Farmers Association.

The value of farm supplies distributed by the Utah Poultry Producers Cooperative Association, Salt Lake City, Utah, was as follows for the years ending December 31, 1944 and 1945:

| <u>Commodities</u> | <u>1944</u> | <u>1945</u> |
|--------------------|--------------------|--------------------|
| Feed..... | \$4,958,919 | \$5,550,607 |
| Supplies..... | <u>136,000</u> | <u>194,886</u> |
| Total..... | <u>\$5,094,919</u> | <u>\$5,745,493</u> |

Feed was the principal supply distributed by these three associations. In 1945, it represented 92.4 percent of all supplies. Altogether the total amount of supplies distributed by the three associations increased from \$38,735,279 in 1944 to \$41,255,950 in 1945, or 6.5 percent. The combined feed volume increased 5.3 percent, whereas the volume of other supplies increased 23.3 percent.

